

## SMOKY LAKE COUNTY

**A G E N D A:** County Council Meeting for the purpose of a

**Utilities Meeting: Natural Gas**

to be held on Tuesday, April 13, 2021 at 9:00 o'clock A.M.

in the County Council Chambers, Smoky Lake and through Zoom Meeting

<https://us02web.zoom.us/j/84830509879?pwd=QnJ5MmswVXo2RW5TSTBJK2lGempDUT09>

Meeting ID: 848 3050 9879 Passcode: 083874

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**1. Meeting:**

1.1 Call to Order

**2. Agenda:**

Acceptance of Agenda:  
as presented or  
subject to additions or deletions

**3. Minutes:**

3.1. Adopt minutes of February 16, 2021 – Utilities Meeting: **Natural Gas Meeting.** ©

Recommendation: Motion to Adopt.

3.2 Utilities Meeting: – February 16, 2021 Natural Gas: **Action List.** ©

Recommendation: File for Information

**4. Request for Decision:**

4.1 Outstanding Account #1 ©

4.2 Outstanding Account #2 ©

4.3 Outstanding Account #3 ©

**5. Issues for Information:**

5.1 Manager's Report. ©

5.2 March 2021 Natural Gas Rates ©

5.3 April 2021 Natural Gas Rates ©

5.4 Gas Rates March Gas, April Billing 2021 ©

5.5 Gas Alberta Interim Report FY21 Q2 ©

**6. Correspondence:**

6.1 Kevin Crush, Corporate Services Manager, Federation of Alberta Gas Co-ops Ltd. dated March 22, 2021 – RE: FIRE Subscriber Update ©

Recommendation: File for Information

**7. Delegation(s):**

No Delegations.

**8. Executive Session:**

**9. Date and time of Next Meeting(s):**

**Adjournment**

**SMOKY LAKE COUNTY**

Minutes of the **Natural Gas Meeting** held on Tuesday, **February 16, 2021** at 2:38 P.M. held virtually online through Electronic Communication Technology: Zoom Meeting and in Council Chambers.

The meeting was called to Order by the Chairperson, Councillor Lorne Halisky in the presence of the following persons:

<b>ATTENDANCE</b>		
<u>Div. No.</u>	<u>Councillor(s)</u>	<u>Tuesday, Feb. 16, 2021</u>
1	Dan Gawalko	Present in Chambers
2	Johnny Cherniwchan	Present in Chambers
3	Craig Lukinuk	Present in Chambers
4	Lorne Halisky	Present in Chambers
5	Randy Orichowski	Present in Chambers
C.A.O.	Gene Sobolewski	Present in Chambers
Asst. C.A.O.	Lydia Cielin	Present Virtually
Finance Manager	Brenda Adamson	Present Virtually
Nat. Gas Manager	Daniel Moric	Present Virtually
Ag Fieldman	Carleigh McMullin	Present Virtually
Planning & Dev. Manager	Jordan Ruegg	Present Virtually
Legislative Svcs/R.S.	Patti Priest	Present Virtually
*****		

No Members of the Media were present.  
One Member of the Public, virtually present.

**2. Agenda:**

400-21: Gawalko            That the Smoky Lake County Natural Gas Meeting Agenda for Tuesday, February 16, 2021, be adopted, as amended:

**Addition to the Agenda:**

1. Natural Gas System Quality Management Plan (QMP).

Carried Unanimously.

**3. Minutes:**

401-21: Lukinuk            That the Minutes of the Smoky Lake County Natural Gas Meeting held on Tuesday, December 8, 2020, be adopted.

Carried.

402-21: Orichowski        That the Action List from the Smoky Lake County Natural Gas Meeting dated Tuesday, December 8, 2020, be accepted as presented.

Carried.

**4. Request for Decision:**

**Federation of Alberta Gas Co-ops Ltd. O&M Manual Adoption**

403-21: Cherniwchan        That Smoky Lake County adopt the Federation of Alberta Gas Co-ops Ltd.'s Operation and Maintenance (O&M) Manual as of October 2020, outlining the guidelines for rural Alberta natural gas utilities and follow and enforce the said guidelines as mandated as a Federation of Alberta Gas Co-ops Ltd. member.

Carried.

**5. Issues for Information:**

**Manager's Report**

404-21: Lukinuk

That Smoky Lake County Council accept the Natural Gas Manager's Report of statistics and activities dated February 9, 2021, and file for information.

Carried.

**Natural Gas Rate – January 2021**

405-21: Cherniwchan

That the Smoky Lake County Natural Gas Rates for **January 2021**, from Gas Alberta in the amounts of \$2.70 (Gas Alberta Rate) + \$0.20 (Variable) + \$1.90 (Operations & Maintenance Charge) = \$4.80/GJ, be filed for information.

Carried.

**Natural Gas Rate – February 2021**

406-21: Orichowski

That the Smoky Lake County Natural Gas Rates for **February 2021**, from Gas Alberta in the amounts of \$2.70 (Gas Alberta Rate) + \$0.20 (Variable) + \$1.90 (Operations & Maintenance Charge) = \$4.80/GJ, be filed for information.

Carried.

**Natural Gas Rates – January 2021 – Billing February 2021**

407-21: Cherniwchan

That the Smoky Lake County Natural Gas report for "Gas Rates January Gas, February Billing 2021", prepared by the Natural Gas Manager, be filed for information.

Carried.

**6. Correspondence:**

**Federation of Alberta Gas Co-ops Ltd. - Operations & Maintenance (O&M) Audit**

408-21: Gawalko

That Smoky Lake County acknowledge receipt of the email from Dawn Dietz, Grants & Easements Co-Ordinator, Federation of Alberta Gas Coops Ltd. and the letter from Delbert G. Beazer, Federation O& M Auditor dated January 14, 2021, providing notification of the Smoky Lake County 2021 Federation Operations & Maintenance (O&M) Audit, being scheduled for June 15, 2021.

Carried.

**Federation of Alberta Gas Co-ops Ltd.**

409-21: Orichowski

That the correspondence received by Smoky Lake County from Kevin Crush, Corporate Services Manager, Federation of Alberta Gas Co-ops Ltd., dated January 27, 2021, announcing the Federation of Alberta Gas Co-ops Ltd.'s has sold the Sherwood Park office location and purchased a new office, located at 8429 24 Street, Edmonton, Alberta, be filed for information.

Carried.

**Addition to the Agenda:**

**Quality Management Plan (QMP) – Smoky Lake County Gas Utility**

410-21: Lukinuk

That Smoky Lake County execute the Year-2021 Quality Management Plan (QMP) – Smoky Lake County Gas Utility Agreement with the Province of Alberta, for the purpose of representing a commitment to the Province of Alberta under section 5 of the Gas Distribution Act; as the Smoky Lake County gas utility is designed, constructed, operated and maintained in accordance with the Act's section 2 requirements, and the QMP is to be reviewed and signed annually as part of the II Approval to Operate issued by the Chief Officer under the Government of Alberta, Jason Cathcart; and, acknowledge receipt of the correspondence from Maureen Magee, Rural Utilities Section, Agriculture and Forestry, dated February 11, 2021, in regard to same.

Carried.

**Next Meeting**

411-21: Orichowski

That the next Smoky Lake County Natural Gas Meeting be scheduled for **Tuesday, April 13, 2021 at 9:00 a.m.** to be held virtually, through Electronic Communication Technology as per Bylaw 1376-20 **and/or** physically in County Council Chambers.

Carried.

**ADJOURNMENT:**

412-21: Halisky

That the Smoky Lake County Natural Gas Meeting of February 16, 2021, be adjourned, time, 3:07 p.m.

Carried.

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CHAIRPERSON

S E A L

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CHIEF ADMINISTRATIVE OFFICER



# NATURAL GAS MEETING ACTION LIST FROM FEBRUARY 16, 2021 AS OF Apr 8, 2021

4  
GOALS

100%  
GOAL COMPLETION

● Draft ● Not started ● On Track ● Behind ● Overdue ● Complete → Direct Alignment --- Indirect Alignment

## COUNCIL MOTIONS/INQUIRY PLAN COUNCIL MOTIONS 2021

Meeting...	Motio...	Goal	Details	Owner	Progress Update	Curr...
2021 02 16 Natural Gas						Comple
2021/02/16	403-21	→ Federation of Alberta Gas Co-ops Ltd. O&M Manual Adoption	That Smoky Lake County adopt the Federation of Alberta Gas Co-ops Ltd.'s Operation and Maintenance (O&M) Manual outlining the guidelines for rural Alberta natural gas utilities and follow and enforce the said guidelines as mandated as a Federation of Alberta Gas Co-ops Ltd. member.	Natural Gas Manager	<b>Patti Priest:</b> <b>Achievements:</b> Municipal File: 9-16 <b>Challenges:</b> <i>No value</i> <b>Next Steps:</b> <i>No value</i>	Comple
2021/02/16	408-21	→ Federation of Alberta Gas Co-ops Ltd. - Operations & Maintenance (O&M) Audit	That Smoky Lake County acknowledge receipt of the email from Dawn Dietz, Grants & Easements Co-Ordinator, Federation of Alberta Gas Coops Ltd. and the letter from Delbert G. Beazer, Federation O&M Auditor dated January 14, 2021, providing notification of the Smoky Lake County 2021 Federation Operations & Maintenance (O&M) Audit, being scheduled for June 15, 2021.	Natural Gas Manager	<b>Patti Priest:</b> <b>Achievements:</b> Retained to document Operational purpose for compliance of Natural Gas System. Municipal File: is 9-22A <b>Challenges:</b> <i>No value</i> <b>Next Steps:</b> <i>No value</i>	Comple

2021/02/16 410-21

↳ **Quality Management Plan (QMP) – Smoky Lake County Gas Utility**

That Smoky Lake County execute the Year-2021 Quality Management Plan (QMP) – Smoky Lake County Gas Utility Agreement with the Province of Alberta, for the purpose of representing a commitment to the Province of Alberta under section 5 of the Gas Distribution Act; as the Smoky Lake County gas utility is designed, constructed, operated and maintained in accordance with the Act's section 2 requirements, and the QMP is to be reviewed and signed annually as part of the II Approval to Operate issued by the Chief Officer under the Government of Alberta, Jason Cathcart; and, acknowledge receipt of the correspondence from Maureen Magee, Rural Utilities Section, Agriculture and Forestry, dated February 11, 2021, in regard to same.

Natural Gas Manager

**Patti Priest:**

**Achievements:** Retained to document Operational purpose for compliance of Natural Gas System

Municipal File: 9-29

**Challenges:** *No value*

**Next Steps:** *No value*

Comple



<b>REQUEST FOR DECISION</b>		DATE	<b>April 13, 2021</b>	<b>4.1</b>
TOPIC	<b>Cancel outstanding account &amp; terminate gas service.</b>			
PROPOSAL	That the Smoky Lake County cancel gas Account # 100490.03, being at Lt 8 & 9 Blk 1 Plan 1022CL, being located within the Village of Vilna. Account is still active in business name and has a current outstanding balance of \$7,287.75 for outstanding gas usage, service charges and penalties, as of April 7, 2021. Of the total balance owing, \$2,705.00 is in penalties.			
<b>CORRELATION TO BUSINESS (STRATEGIC) PLAN</b>				
LEGISLATIVE, BYLAW and/or POLICY IMPLICATIONS				
BENEFITS		Clean up outstanding account.		
DISADVANTAGES		Lost revenue.		
ALTERNATIVES				
<b>FINANCE/BUDGET IMPLICATIONS</b>				
Operating Costs: \$ _____		Capital Costs: \$ _____		
Budget Available: \$ _____		Source of Funds: _____		
Budgeted Costs: _____		Unbudgeted Costs: \$ _____		
INTERGOVERNMENTAL INVOLVEMENT/IMPLICATIONS		N/A		
COMMUNICATION STRATEGY		Building has been abandoned by the previous owners in 2018 and left the outstanding balance on the account. Many attempts to contact owners by phone and by mail have failed. The gas service was locked off in June of 2018. The gas bill is not being returned so the mailing address is still in use. Attempts have been made to put a caveat on the title, but cannot seem to find a signed natural gas contract between the owners and Smoky Lake County. The account was issued in their names in approx. January 1, 2007. Without the signed contract, the County's legal representative advised it cannot be done. The Village of Vilna acquired the property October 11, 2020. The Village of Vilna sold the property to a new owner as of March 18, 2021.		
<b>RECOMMENDATION</b>				
That the Smoky Lake County terminate account #100490.03 and cancel outstanding balance of \$7,287.75, terminate Natural Gas Contract Agreement and cut and cap gas service to property located at Lt.8 & 9 Blk. 1 Plan 1022CL being in the Village of Vilna. New infill charge would apply if gas was required in the future.				
CHIEF ADMINISTRATIVE OFFICER				



<b>REQUEST FOR DECISION</b>		<b>DATE</b>	<b>April 13, 2021</b>	<b>4.2</b>
<b>TOPIC</b>	<b>Cancel outstanding account &amp; terminate gas service.</b>			
<b>PROPOSAL</b>	That the Smoky Lake County cancel gas Account # 100275.01, being at Lt E & F Plan 38HW within the Village of Vilna. Account is still active in business name and has a current outstanding balance of \$5,515.82 for outstanding service charges and penalties, as of April 7, 2021.			
<b>CORRELATION TO BUSINESS (STRATEGIC) PLAN</b>				
<b>LEGISLATIVE, BYLAW and/or POLICY IMPLICATIONS</b>				
<b>BENEFITS</b>		Clean up outstanding account.		
<b>DISADVANTAGES</b>		Lost revenue.		
<b>ALTERNATIVES</b>				
<b>FINANCE/BUDGET IMPLICATIONS</b>				
<b>Operating Costs:</b>		\$ _____	<b>Capital Costs:</b> \$ _____	
<b>Budget Available:</b>		\$ _____	<b>Source of Funds:</b> _____	
<b>Budgeted Costs:</b>		_____	<b>Unbudgeted Costs:</b> \$ _____	
<b>INTERGOVERNMENTAL INVOLVEMENT/IMPLICATIONS</b>		N/A		
<b>COMMUNICATION STRATEGY</b>		Natural gas service was installed to the property in September of 2009. A meter was never requested by the owner, so there is no gas usage on this account, only service charges and penalties. The gas bill is not being returned so the mailing address is still in use. Attempts have been made to put a caveat on the title, but cannot seem to find a signed natural gas contract between the owners and Smoky Lake County. The account was issued in their names in approx. October 1, 2009. Without the signed contract, the County's legal representative advised it cannot be done. The building has a new owner on the title as of July 29, 2020.		
<b>RECOMMENDATION</b>				
That the Smoky Lake County terminate account #100275.01 and cancel outstanding balance of \$5,515.82, terminate Natural Gas Contract Agreement and cut and cap gas service to property located at Lt E & F Plan 38HW being in the Village of Vilna. New infill charge would apply if gas was required in the future.				
<b>CHIEF ADMINISTRATIVE OFFICER</b>				





<b>REQUEST FOR DECISION</b>		DATE	<b>April 13, 2021</b>	<b>4.3</b>
TOPIC	Cancel outstanding account & terminate gas service.			
PROPOSAL	That the Smoky Lake County cancel gas Account #994205.01, being at Lot 6 Block 3 Plan 7821750 located at Mons Lake in the Sandy Lane subdivision. Account is still active in and has a current outstanding balance of \$10,314.68 for outstanding service charges and penalties, as of April 7, 2021.			
<b>CORRELATION TO BUSINESS (STRATEGIC) PLAN</b>				
<b>LEGISLATIVE, BYLAW and/or POLICY IMPLICATIONS</b>				
<b>BENEFITS</b>		Clean up outstanding account.		
<b>DISADVANTAGES</b>	Lost revenue.			
<b>ALTERNATIVES</b>				
<b>FINANCE/BUDGET IMPLICATIONS</b>				
<b>Operating Costs:</b>	\$ _____	<b>Capital Costs:</b>	\$ _____	
<b>Budget Available:</b>	\$ _____	<b>Source of Funds:</b>		
<b>Budgeted Costs:</b>	_____	<b>Unbudgeted Costs:</b>	\$ _____	
<b>INTERGOVERNMENTAL INVOLVEMENT/IMPLICATIONS</b>	N/A			
<b>COMMUNICATION STRATEGY</b>	The current owner inherited the property in 2010 with an idle gas service. Smoky Lake County transferred the account to the new owner without a signed contract. The owner's lawyers contacted the County in February of 2012 requesting that since the owner did not sign a contract, that the account be terminated. No action was taken by the County or the owner since. The account has only accumulated service charges and penalties. In the summer of 2012, the service was cut and capped at the property line for safety reasons as the gas riser was bent over and damaged. No gas was leaking from the riser being damaged.			
<b>RECOMMENDATION</b>				
That the Smoky Lake County terminate account #994205.01 and cancel outstanding balance of \$10,314.68, for the property located at Lot 6 Block 3 Plan 7821750 located at Mons Lake in the Sandy Lane subdivision. New infill charge would apply if gas was required in the future.				
<b>CHIEF ADMINISTRATIVE OFFICER</b>				



95  
GOALS

NATURAL GAS PLAN

Goal	Progress Update
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**AMR meter expiration replacement**  
Note: Strategic Priorities Chart Feb 6, 2017: 100%

**Daniel Moric:**  
**Achievements:**  
• AMR Meter installation is complete  
**Challenges:** *No value*  
**Next Steps:** *No value*  
2020/10/07

**Odorant Activity: 100%**

**Daniel Moric:**  
**Achievements:** *No value*  
**Challenges:** *No value*  
**Next Steps:** *No value*  
2020/12/01

**Deliver Odorant**

**Daniel Moric:**  
**Achievements:** -February 1/21 - February 28/21. 20 hrs x 2 servicemen = 40 hrs spent completing odorant deliveries to Smoky Lake County Gas, Village of Boyle Gas Utility, Paintearth Gas Co-op, Tervita Coronation, County of Vermillion River Gas Utility, and Minco Gas Co-op.  
-March 1/21 - March 12/21. 40 hrs x 2 servicemen = 80 hrs spent completing odorant deliveries to Phoenix Gas Co-op, GLDC Gas Co-op, Rocky Gas Co-op, Chain Lakes Gas Co-op, and Athabasca Oil Corporation in Conklin.  
**Challenges:** *No value*  
**Next Steps:** *No value*  
2021/03/12

5.1

CNG Trailer: 100%

Compressed natural gas trailer

**Daniel Moric:**

**Achievements:** *No value*

**Challenges:** *No value*

**Next Steps:** *No value*

2020/10/07

**Daniel Moric:**

**Achievements:** -Picked up CNG trailer from RCO Energy in Drayton Valley. Repairs were completed and is ready for service. -One CNG trailer was picked up by Phoenix Gas Co-op on March 9th for them to operate for a planned gas outage of theirs for repairs.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

Administrative Activity (GAS):  
100%

**Daniel Moric:**

**Achievements:**

- Attend weekly manager meetings.
- Receive customer phone calls.
- Respond to emails.
- Assist in producing monthly gas bills.
- February 2021 gas price was \$4.80/GJ. March 2021 gas price has increased to \$6.00/GJ.
- Apply for new gas services and complete all of the required paperwork.
- Continue to get easements and contracts signed as necessary.
- Working on invoicing construction, odorant and CNG jobs.
- Continually signing customers up for receiving their gas bills by email. Currently have 315 accounts registered.
- Posted in the gas bills for customers to give us updated account information with very good response. Also included this request in the Grapevine. Will continue to advertise for updated information.
- Practicing social distancing as much as possible during these uncertain times. Staff have been given additional PPE to help prevent contracting and transferring COVID-19

**Challenges:** *No value*

**Next Steps:** *No value*

2020/10/07

→Service ( ) s: 100%

**Daniel Moric:**

**Achievements:** -During the cold snap, there was a suspected pressure issue with one customer service. After further investigation, found that the furnace's exhaust was rotted out and was pulling exhaust gases back into the furnace intake, causing the furnace to choke itself out, mimicking a regulator pressure issue.

-One "no gas" service call. Contractor turned main gas riser off and left thinking it wasn't heating the second house in yard.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/03/12

→Documentation of jobs

→Daily Vehicle Inspections

→Pre job meetings

**Daniel Moric:**

**Achievements:** Employees fill out a Job Safety Analysis while working. They are supplied with a JSA booklet, as well as a simplified JSA is on our Customer Service Report that is completed for every job.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

→Undertake On-Call

**Daniel Moric:**

**Achievements:** Employees continue to be on call for after hours issues that may arise.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

→Management meeting

**Daniel Moric:**

**Achievements:** Attend weekly managers meetings

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

→Complete Invoicing

→Clean truck

→Utility Personnel Meeting

› Tool Box Meeting

**Daniel Moric:**

**Achievements:** We, as a department, either meet at a safe distance or have a group phone call, as required to discuss any issues or jobs that are in progress, or will be starting. We have a meeting a minimum of once per week. Will also start attending the Monday morning safety meetings at the shop .

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

› Gas balancing

**Daniel Moric:**

**Achievements:** Every month, monitor the amount of gas purchased from Gas Alberta and compare to the amount of gas sold. Allows us to closely monitor possible under/above ground leaks or metering issues that may occur

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

› Main Office Safety Meeting

› Meter readings

**Daniel Moric:**

**Achievements:** Collect meter readings monthly for customer billing

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

› Managers reports

**Daniel Moric:**

**Achievements:** Create reports for Council for the Natural Gas Utility meetings as required

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

› Delinquent accounts

**Daniel Moric:**

**Achievements:** Send out overdue account notices to customers who are over 60 days overdue on paying their gas bill(s)

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

› Paperless Billing

**Daniel Moric:**

**Achievements:** Currently have 315 natural gas accounts receiving bills by email.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

› Attend Conventions

**Daniel Moric:**

**Achievements:** No activity.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/09

› Auditor documentation

**Daniel Moric:**

**Achievements:** -Assisted financial auditors on February 17-19 with the 2020 financial statements.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

› Strategic plan

› Utility meetings

**Daniel Moric:**

**Achievements:** Prepare agendas and meeting packages as well as attend utility meetings with Council to discuss any issues, answer questions, and give information and updates as to what is happening within the Department.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

› Departmental meetings

**Daniel Moric:**

**Achievements:** Will be attending County Departmental Meeting on March 22, 2021

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

› Job Interviews

Employee Evaluations

**Daniel Moric:**

**Achievements:** Will be completing employee evaluations in April

**Challenges:** *No value*

**Next Steps:** *No value*

2021/03/12

Other duties

**Daniel Moric:**

**Achievements:** Other duties include picking up the mail from the post office every morning, picking up parcels from the post office or Pappy's as needed, delivering mail from the County Office to the post office as needed, cleaning and disinfecting my office daily, and doing misc filing in the vault to ensure the natural gas paperwork is filed to the appropriate land file.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

O & M Policy

**Daniel Moric:**

**Achievements:** Continually review and update the Federation O&M Policy Manual, as required.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

Automatic Meter Readings

**Daniel Moric:**

**Achievements:** Continue to read natural gas meter using the AMR system monthly

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

Training Activity (GAS): 100%

**Daniel Moric:**

**Achievements:** Barry Letwin, Daniel Malysh, and William Gray are to take the yearly PE Fusion recertification course offered by the Federation on March 16th. This will be offered online and the in-class training will be scheduled for later in 2021. William Gray will be starting Gas Utility Operator Level 2 course offered by the Federation in February 2021. There is an at-home online class portion to complete first, followed by the in-class portion at the Federation Center beginning in April 2021.

**Challenges:** *No value*

**Next Steps:** *No value*

2020/12/01

**Daniel Moric:**  
**Achievements:** *No value*

**Challenges:** *No value*

**Next Steps:** *No value*  
2021/02/09

→Line locates

**Daniel Moric:**

**Achievements:**

- 19 line locates were completed since last report

**Challenges:** *No value*

**Next Steps:** *No value*  
2020/12/01

→RMO Checks

**Daniel Moric:**

**Achievements:** Check each RMO weekly as part of our regular maintenance. This ensures we can rectify any issues as they arise. RMO checks are completed daily in the extreme cold to ensure operation during the high flow conditions.

**Challenges:** *No value*

**Next Steps:** *No value*  
2021/02/08

→Magazine check

**Daniel Moric:**

**Achievements:** Complete explosives magazine inventory monthly.

**Challenges:** *No value*

**Next Steps:** *No value*  
2020/12/01

→Odor sample

**Daniel Moric:**

**Achievements:** Monthly odorant intensity checks ( 20 locations )

**Challenges:** *No value*

**Next Steps:** *No value*  
2020/12/01



›Vehicle Maintenance

**Daniel Moric:**

**Achievements:** -Complete vehicle/equipment maintenance as required.

-New truck to replace Unit 204 arrived on March 12th and was delivered March 13th to Western Truck Body for service body installation.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/03/12

›Equipment maintenance

›Leak detection

**Daniel Moric:**

**Achievements:** Investigating gas leaks as they are reported. Will be hiring a third-party line walking crew to perform leak detection on our underground gas lines, as required by the Federation policy.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

›PFM check

**Daniel Moric:**

**Achievements:** Check Pressure Factor Measurement (PFM) on meter sets measuring above 1 PSI, as required by Measurement Canada. Sent yearly PFM report to MC in January for the year 2020. They audit our PFM reporting every 3 years and complete a scheduled site visit to ensure correct metering practices are followed.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

›Public building inspections

›Cathodic protection

**Daniel Moric:**

**Achievements:**

- Cathodic protection is the protection of the underground metallic pipelines from oxidization and rusting using sacrificial anodes of varying metals. Yearly, we check the condition of these anodes and replace the anodes as they deplete beyond their effectiveness. This helps greatly extend the lifetime of our high pressure pipelines and the risers that extend out of the ground. This is completed during the summer, as the readings are less accurate during the winter due to frozen soil conditions. We also monitor the pipes for the fuel pumps at the County shop as required by the regulatory bodies
- Will be hiring a third party company this year to complete our cathodic protection study, as it is required by the Federation O&M Manual to be completed by a third party company every 2 years.

**Challenges:** *No value*

**Next Steps:** *No value*

2020/12/01

→ Tetlar bag samples

**Daniel Moric:**

**Achievements:** Will be collecting tetlar bag samples in March/April and sending them to Exova Labs in Edmonton for analysis. Required yearly to ensure the molecular content of the natural gas we are supplying to customers is within acceptable standards.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

→ Hydro Axing

End Pressure Test

**Daniel Moric:**

**Achievements:** Monitor end of line gas pressures and compare to monthly gas balancing to check for underground leaks. Monitoring pressure during the extreme cold weather also helps us plan out system upgrades, as it will show us the areas where our system is starting to get undersized, with adding customers and customers adding larger appliances. This is mostly an issue with people upgrading to tankless hot water heaters to replace their old ones. The tankless hot water heaters require 8x the amount of gas as compared to older tank style heaters. Example: standard tank water heaters use (on average) 38,000 BTU of gas per hour. Tankless water heaters use (on average) over 200,000 BTU per hour.

**Challenges:** *No value*

**Next Steps:** *No value*

2020/12/01

→ GPS Services and Alterations

**Daniel Moric:**

**Achievements:** New services and alterations that were completed in 2020 were GPS-ed in late 2020 and the data has been sent to our GIS tech for submission to Rural Utilities and to be added to our as-builts.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/03/12

→ Take Inventory

**Daniel Moric:**

**Achievements:** Inventory has been completed for the end of year 2020. Submitted inventory record to Brenda.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

Install gas lines

Wash and bleach all equipment.

**Daniel Moric:**

**Achievements:** During construction, equipment is washed and bleached prior to entering properties to minimize the risk of Clubroot transfer.

**Challenges:** *No value*

**Next Steps:** *No value*

2020/12/01

Sign installation 0 Sign(s)

**Daniel Moric:**

**Achievements:** More signs and posts have been ordered for this year. Will be visiting the sites that only require the sign upgrade/straightening existing sign posts. Will be replacing the missing or extremely damaged sign posts as required when the ground thaws.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

Cut and Caps

**Daniel Moric:**

**Achievements:** No cut and caps were completed during this reporting period.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

Maintain Facilities.

RMO Replacement

Meter recalls and maintenance:  
100%

**Daniel Moric:**

**Achievements:** *No value*

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/09

AMR meters

**Daniel Moric:**

**Achievements:** Complete meter changes

**Challenges:** Locations

**Next Steps:** *No value*

2020/08/12

→ Replace active gas meters

**Daniel Moric:**

**Achievements:**

- Replace as required. None have failed since last Council update. From talking with other co-ops in the province, there was issues with meters freezing up and AMR reader heads not working during the cold snap. They brought the meters inside to warm up and they started working again, as well as the AMR reader heads, since they are battery powered.

**Challenges:** *No value*

**Next Steps:** *No value*

2020/12/01

→ Meter Recalls

**Council Member Inquiry (GAS):**  
100%

**Daniel Moric:**

**Achievements:** No Council inquiries during this reporting period.

**Challenges:** *No value*

**Next Steps:** *No value*

2021/02/08

**2020 INFRASTRUCTURE LINE**  
**REPLACEMENT: 100%**

→ Budget - 2020  
INFRASTRUCTURE LINE  
REPLACEMENT: \$50k

**2020 RMO STATION**  
**REPLACEMENT PLAN RESERVE:**  
100%

→ Budget - 2020 RMO  
STATION REPLACEMENT  
PLAN RESERVE: \$70k

**2020 MODEMS FOR RMO: 100%**

→ Budget - 2020 MODEMS  
FOR RMO: \$22k

**2020 REPLACE TRUCK: 100%**

→ Budget - 2020 REPLACE  
TRUCK: \$50k

**2021 INFRASTRUCTURE LINE**  
**REPLACEMENT: 100%**

**2021 RMO STATION**  
**REPLACEMENT PLAN RESE:**  
100%

**2021 REPLACE TRUCK -**  
**removed: 100%**

**2021 REFURBISH TRUCK BOX:**  
100%

**2022 INFRASTRUCTURE LINE  
REPLACEMENT: 100%**

**2022 RMO STATION  
REPLACEMENT PLAN: 100%**

**2022 MAPPING UNIT: 100%**

**2022 REPLACE TRUCK -  
removed: 100%**

**2022 REFURBISH TRUCK BOX:  
100%**

**2023 INFRASTRUCTURE LINE  
REPLACEMENT: 100%**

**2023 RMO STATION  
REPLACEMENT PLAN RESE:  
100%**

**2023 REPLACE TRUCK - re mo  
ve d: 100%**

**2023 REFURBISH TRUCK BOX:  
100%**

**(GAS) Human Resources /  
Training / OH&S**

- (GAS) Attend Annual Safety Meeting
- >(GAS) Training Event Form 2021
- >(GAS) Attend Joint Health & Safety Meetings: 12 Meeting(s)

**(GAS) Financial Accountability**

- >(GAS) Prepare a Draft 5 Year Function Budget
- >(GAS) Prepare Annual Budget

**(GAS) Organizational Efficiency**

- (GAS) Complete Annual Work Plan

**2020 CARRY OVER RMO  
STATION PROJECT: 100%**

- >Budget - 2020 CARRY OVER RMO STATION PROJECT: \$50k

**Federation of Alberta Gas Co-ops Ltd. O&M Manual Adoption**

**Patti Priest:**

**Achievements:** Municipal File: 9-16

**Challenges:** *No value*

**Next Steps:** *No value*

*2021/02/24*

**Federation of Alberta Gas Co-ops Ltd. - Operations & Maintenance (O&M) Audit**

**Patti Priest:**

**Achievements:** Retained to document Operational purpose for compliance of Natural Gas System.  
Municipal File: is 9-22A

**Challenges:** *No value*

**Next Steps:** *No value*

*2021/02/24*

**Quality Management Plan (QMP)  
– Smoky Lake County Gas Utility**

**Patti Priest:**

**Achievements:** Retained to document Operational purpose for compliance of Natural Gas System

Municipal File: 9-29

**Challenges:** *No value*

**Next Steps:** *No value*

*2021/02/24*



February 24, 2021

Attention: Manager/CAO

**Re: GAS COST RATE EFFECTIVE MARCH 2021**

Gas Alberta's gas cost rate will increase by \$1.20/GJ to **\$3.90/GJ** for the month of March 2021. Our variable rate will remain at \$0.20/GJ for the period July 1, 2020 through June 30, 2021.

The rates set by the regulated retailers for the month of March 2021 are shown below. As previously discussed, the rates set by Direct Energy and Apex Utilities are impacted by their prior period over and under recoveries.

	Direct Energy	Apex Utilities	Weighted Avg. (Est)	Gas Alberta
GCFR	\$4.102/GJ	\$4.073/GJ	\$4.099/GJ	<b>\$3.90/GJ</b>
Over (Under) riders included in Gas Costs	\$(0.84)/GJ	\$(0.84)/GJ		

The increase in the March gas rate is due to the extreme cold weather and subsequent natural gas price volatility experienced in Alberta and the U.S. earlier this month. Alberta Daily Index peaked at \$6.00/GJ as a result of the increased demand which directly impacted the overall cost of purchases made by Gas Alberta to meet the requirements of its shareholders. For further information regarding natural gas market prices, please visit our website at [www.gasalberta.com](http://www.gasalberta.com).

We will continue to manage our recoveries and gas costs on a monthly basis and keep you informed of changes to market prices and gas rates. If you have any questions regarding Gas Alberta's rates, please contact me at (403) 509-2603.

Yours truly,

Carlee Martin  
Vice President, Gas Supply

## Natural Gas Rates March 2021

	Gas Ab. Rate	Variable	O & M charge	Total	
Domestic rate	\$ 3.90	\$ 0.20	\$ 1.90	\$ 6.00	

### Sungro

0-35000 gjs	\$ 3.90	\$ 0.20	\$ 0.80	\$ 4.90	X
35-85000 gjs	\$ 3.90	\$ 0.20	\$ 0.60	\$ 4.70	
over 85	\$ 3.90	\$ 0.20	\$ 0.40	\$ 4.50	

### Smoky Lake Forest Nursery

0-35000 gjs	\$ 3.90	\$ 0.20	\$ 0.80	\$ 4.90	X
35-85000 gjs	\$ 3.90	\$ 0.20	\$ 0.60	\$ 4.70	
over 85	\$ 3.90	\$ 0.20	\$ 0.40	\$ 4.50	

Tremel	\$ 3.90	\$ 0.20	\$ 0.78	\$ 4.88	
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**Domestic riser service charge**      \$ 25.00 / riser

<b>Fixed charge</b>	\$ 1.90
<b>Systems capital</b>	\$ 0.40

**Commercial riser service charge**      \$ 60.00 / riser

<b>Town of Smoky Lake</b>	\$ 3.90	\$ 0.20	\$ 0.12	\$ 4.22	
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March 26, 2021

**Attention: Manager/CAO**

**Re: GAS COST RATE EFFECTIVE APRIL 2021**

Gas Alberta's gas cost rate will decrease by \$1.30/GJ to **\$2.60/GJ** for the month of April 2021. Our variable rate will remain at \$0.20/GJ for the period July 1, 2020 through June 30, 2021.

The rates set by the regulated retailers for the month of April 2021 are shown below. As previously discussed, the rates set by Direct Energy and Apex Utilities are impacted by their prior period over and under recoveries.

	Direct Energy	Apex Utilities	Weighted Avg. (Est)	Gas Alberta
GCFR	\$2.603/GJ	\$2.956/GJ	\$2.638/GJ	<b>\$2.60/GJ</b>
Over (Under) riders included in Gas Costs	\$(0.002)/GJ	\$(0.38)/GJ		

We will continue to manage our recoveries and gas costs on a monthly basis and keep you informed of changes to market prices and gas rates. If you have any questions regarding Gas Alberta's rates, please contact me at (403) 509-2603.

Yours truly,

Carlee Martin  
Vice President, Gas Supply

## Natural Gas Rates April 2021

	Gas Ab. Rate	Variable	O & M charge	Total	
Domestic rate	\$ 2.60	\$ 0.20	\$ 1.90	\$ 4.70	

### Sungro

0-35000 gjs	\$ 2.60	\$ 0.20	\$ 0.80	\$ 3.60	X
35-85000 gjs	\$ 2.60	\$ 0.20	\$ 0.60	\$ 3.40	
over 85	\$ 2.60	\$ 0.20	\$ 0.40	\$ 3.20	

### Smoky Lake Forest Nursery

0-35000 gjs	\$ 2.60	\$ 0.20	\$ 0.80	\$ 3.60	X
35-85000 gjs	\$ 2.60	\$ 0.20	\$ 0.60	\$ 3.40	
over 85	\$ 2.60	\$ 0.20	\$ 0.40	\$ 3.20	

Tremel	\$ 2.60	\$ 0.20	\$ 0.78	\$ 3.58	
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**Domestic rise service charge**      \$ 25.00 / riser

<b>Fixed charge</b>	\$ 1.90
<b>Systems capital</b>	\$ 0.40

**Commercial riser service charge**      \$ 60.00 / riser

<b>Town of Smoky Lake</b>	\$ 2.60	\$ 0.20	\$ 0.12	\$ 2.92	
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Utility	Zone	Wholesale Gas Purchased From	Wholesale Purchase Price	Location of GAI Variable Rate	Delivery/ Variable Rate (perGJ)	GAI Variable Rate	Gas Loss by Wholesale Price %	Gas Loss Charge (%)	Gas Loss Charge (GJ)	System Improvement Fee	Other Charges on the Gas Rate	TOTAL	Monthly Service Charge	Gas Loss Monthly Charge	System Improvement Monthly Charge	Other Monthly Charge	TOTAL MONTHLY	Infill Urban	Infill Rural
Birch Hills Gas Co-op Ltd.	1	GAI	3.90	Gas Rate	1.70	0.20						5.80	29.50				29.50	0.00	0.00
Central Peace Natural Gas Co-op Ltd.	1	GAI	3.90	Gas Rate	1.60	0.20						7.70	25.00				25.00	0.00	9000.00
Dene Tha	1	GAI	3.90	Utility's Vari	3.50							7.40	10.00				10.00	0.00	0.00
East Peace Gas Co-op Ltd.	1	GAI	3.90	Utility's Vari	1.65				0.00	0.00		5.55	20.00	0.00	0.00	0.00	20.00	4000.00	9000.00
East Smoky Gas Co-op Ltd.	1	GAI	3.90	Utility's Vari	1.65		2.00			0.10		5.73	25.00				25.00	3000.00	7500.00
North Peace Gas Co-op Ltd.	1	GAI	3.90	Gas Rate	1.34	0.20	2.00					5.52	30.00				30.00	3000.00	7500.00
Northern Lights Gas Co-op Ltd.	1	GAI	3.90		1.32		2.00			2.45		7.75	20.00		20.00		40.00	2000.00	8000.00
Paddle Prairie	1	GAI	3.90	Utility's Vari	0.20							4.10	20.00				20.00	0.00	0.00
Prairie River Gas Co-op Ltd.	1	GAI	3.90	Gas Rate	1.70	0.20				0.41		6.21	20.00				20.00	4500.00	8000.00
Swan River Gas Co-op Ltd.	1	GAI	3.90	Gas Rate	2.10	0.20						6.20	26.75		5.50		32.25	4000.00	7000.00
Town of High Prairie Gas Utility	1	GAI	3.90		1.80			0.00	0.00	0.00	0.00	5.70	20.00	0.00	0.00	0.00	20.00	0.00	0.00
Town of Manning Gas Utility	1	GAI	3.90	Gas Rate	2.50	0.20						6.60	22.00				22.00	0.00	0.00
Town of Valleyview Gas Utility	1	GAI	3.90	Gas Rate	1.70	0.20	2.00					5.88	18.45	0.00	0.00	0.00	18.45	0.00	0.00
Buck Mountain Gas Co-op Ltd.	2	GAI	3.90	Gas Rate	1.30	0.20	2.00					5.48	22.00				22.00	3300.00	7500.00
Evergreen Gas Co-op Ltd.	2	GAI	3.90	Gas Rate	1.43	0.20						5.53	25.00				25.00	6400.00	7000.00
Pembina River Natural Gas Co-op Ltd.	2	GAI	3.90	Gas Rate	1.50	0.20		0.00	0.00	0.00	0.00	5.60	32.00	0.00	0.00	0.00	32.00	3500.00	7000.00
Ste. Anne Natural Gas Co-op Ltd.	2	GAI	3.90	Natural Gas	1.50	0.20	4.00			1.00		6.76	33.00		5.00		38.00	4000.00	7000.00
TRL Gas Co-op Ltd.	2	GAI	3.90	Gas Rate	2.00	0.20						6.10	31.00				31.00	0.00	0.00
West Parkland Gas Co-op Ltd.	2	GAI	3.90	Gas Rate	1.62	0.20	3.00					5.84	26.50		2.75		29.25	0.00	0.00
Yellowhead Gas Co-op Ltd.	2	GAI	3.90	Gas Rate	1.37	0.20	2.00					5.55	24.00				24.00	5000.00	8000.00
County of Two Hills Gas Utility	3	GAI	3.90	Gas Rate	1.50	0.20						5.60	18.00		5.00		23.00	4000.00	8000.00
County of Vermillion River Gas Utility	3	GAI	3.90	Gas Rate	1.27	0.20						5.37	30.00				30.00	2500.00	7000.00
Lac La Biche County	3	GAI	3.90	Utility's Vari	1.85							5.75	25.00				25.00	0.00	0.00
Minco Gas Co-op Ltd.	3	GAI	3.90	Gas Rate	1.50	0.20		0.00	0.00	0.00	0.00	5.60	17.50	0.00	0.00	0.00	17.50	4750.00	9500.00
Smoky Lake County	3	GAI	3.90	Gas Rate	1.50	0.20				0.40		6.00	25.00				25.00	3500.00	7000.00
Thorhild County	3	GAI	3.90	Utility's Vari	2.01			0.00		0.00	0.00	5.91	27.00	0.00	0.00	4.00	31.00	0.00	0.00
Town of Redwater Gas Utility	3	GAI	3.90	Utility's Vari	0.20						2.10	6.20	18.00				18.00	0.00	0.00
Town of Smoky Lake Gas Utility	3	GAI	3.90	Gas Rate	1.90	0.20				0.40		6.40	25.00				25.00	2500.00	2500.00
Village of Boyle Gas Utility	3	GAI	3.90	Utility's Vari	2.20							6.10	15.00		5.00		20.00	0.00	0.00
Coronado Gas Co-op Ltd.	4	GAI	3.90	Gas Rate	2.10	0.20		0.00	0.00	0.05	0.00	6.25	28.00	0.00	0.00	0.00	28.00	0.00	8000.00
Kehewin	4	GAI	3.90	Utility's Vari	2.25							6.15	20.00				20.00	0.00	0.00
Lac La Biche District Natural Gas Co-op Ltd.	4	GAI	3.90	Gas Rate	1.75	0.20						5.85	35.00				35.00	3250.00	7000.00
Lamco Gas Co-op Ltd.	4	GAI	3.90	Gas Rate	1.75	0.20	3.00	0.00	0.00	0.50	0.00	6.47	30.00	0.00	8.00	0.00	38.00	7000.00	11000.00
North East Gas Co-op Ltd.	4	GAI	3.90	Gas Rate	1.00	0.20						5.10	10.00				10.00	6250.00	6250.00
Ankerton Gas Co-op Ltd.	5	GAI	3.90	Gas Rate	1.45	0.20						5.55	28.00				28.00	1500.00	8000.00
Battle River Gas Co-op Ltd.	5	GAI	3.90	Utility's Vari	1.63						0.10	5.63	25.00		5.00		30.00	3000.00	8000.00
Dry Country Gas Co-op Ltd.	5	GAI	3.90	Gas Rate	1.50	0.20						5.60	27.00				27.00	3000.00	7500.00
Iron Creek Gas Co-op Ltd.	5	GAI	3.90	Gas Rate	1.40	0.20						5.50	25.00		7.50		32.50	0.00	10000.00
Natural Gas Co-op 52 Ltd.	5	GAI	3.90	Gas Rate	1.70	0.20						5.80	30.00		5.00		35.00	2500.00	10000.00
Paintearth Gas Co-op Ltd.	5	GAI	3.90	Gas Rate	1.40	0.20		3.00		0.69		6.23	30.00				30.00	3000.00	10000.00
Phoenix Gas Co-op Ltd.	5	GAI	3.90	Gas Rate	1.70	0.20						5.80	30.00				30.00	3500.00	6000.00
Sedgewick Killam Natural Gas System	5	GAI	3.90	Gas Rate	1.35	0.20		0.00	0.00	0.00	0.00	5.45	25.00				25.00	1500.00	0.00
Town of Daysland Gas Utility	5	GAI	3.90	Gas Rate	1.40	0.20						5.50	25.00				25.00	1500.00	0.00
Village of Chauvin Gas Utility	5	Phoenix Gas	2.90		1.00							3.90	26.00				26.00	3.90	0.00
Village of Halkirk Gas Utility	5	Paintearth G	3.22		1.20					0.40		4.82	25.00				25.00	0.00	0.00
Burnt Lake Gas Co-op Ltd.	6	GAI	3.90	Gas Rate	1.55	0.20	5.00				1.00	6.84	30.50				30.50	0.00	0.00
Chain Lakes Gas Co-op Ltd.	6	GAI	3.90	Utility's Vari	2.10					0.30		6.30	28.00				28.00	4250.00	7000.00
Crossroads Gas Co-op Ltd.	6	GAI	3.90	Gas Rate	2.55	0.20			0.20	0.15		7.00	26.50				26.50	4250.00	7500.00
Diamond Valley Gas Co-op Ltd.	6	GAI	3.90	Gas Rate	2.50	0.20	5.00					6.79	33.00		5.00		38.00	4000.00	8000.00
Foothills Gas Co-op Ltd.	6	GAI	3.90	Gas Rate	1.15	0.20						5.25	17.50				17.50	4500.00	6750.00
G.L.D.C. Gas Co-op Ltd.	6	GAI	3.90	Utility's Vari	0.22			2.00		0.25	1.30	5.67	30.00		5.00		35.00	4200.00	8400.00
Rocky Gas Co-op Ltd.	6	GAI	3.90	Utility's Vari	1.62				0.08	0.27	0.27	6.14	29.00				29.00	5000.00	6300.00
Town of Sundre Gas Utility	6	GAI	3.90	Gas Rate	1.45	0.20		0.00	0.00	0.21	0.00	5.76	26.00	0.00	0.00	0.00	26.00	500.00	0.00



## INTERIM REPORT

### FISCAL YEAR 2021 – QUARTER 2



*For the six months ended December 31, 2020*

#### MESSAGE FROM THE PRESIDENT & CEO:

The 2nd quarter of Fiscal Year 2021 has been busy and productive for everyone at Gas Alberta. Thank you to those who attended our virtual Annual General Meeting in November; we look forward to a time when we can meet in person again. As the COVID-19 pandemic carries on, we continue to operate successfully in a remote working environment and, as you will see in our Q2 Interim Report, we continue to have strong results which were led by our supply strategy and Hedge Book performance.

At Gas Alberta we are committed to operational excellence and, in that light, we are excited to announce that we have hired a new Operations Analyst, Jenine McIntyre, who will report to Kyle Patterson. Jenine holds a Bachelor of Science Degree from the University of Lethbridge and she will assist Kyle with all operational aspects of our business including communication of transmission pipeline outages/inspections and coordination of Emergency Supply.

Currently, the Management Team is preparing for our annual spring Strategic Planning Session with the Board of Directors. I look forward to working with the Management Team and Board on the long-term vision for Gas Alberta to ensure that we continue to provide exceptional value to our shareholders for years to come.

As for natural gas fundamentals in Alberta, on the back of COVID-19 related demand destruction and no NGTL curtailments to IT-D, storage operators achieved 5-year highs for storage injections. Stagnant production, though, combined with climbing export contracts means that AECO has remained relatively steady where it is normally volatile at this time of year. Even with limited weather we are still on pace to achieve the 3rd largest withdrawal from storage inventories in Alberta's history.

A handwritten signature in blue ink, appearing to read "Paul Dunsmore". The signature is fluid and cursive.

Paul Dunsmore

## OPERATIONS AND FINANCIAL RESULTS

The following analysis and comments should be read in conjunction with the 2020 Annual Report of Gas Alberta Inc. (the Company) which contains Management's Discussion and Analysis and the Company's audited financial statements for the year ended June 30, 2020.

### INCOME STATEMENT

#### Natural Gas Sales, Revenues and Rates

		<u>2020</u>	<u>2019</u>	<u>Incr (Decr)</u>
<b><u>Quarter ended December 31</u></b>				
Natural gas revenues from customers	(millions)	<b>\$28.8</b>	\$27.6	\$1.2
Natural gas sales to customers	(PJs) <sup>1</sup>	<b>10.5</b>	11.4	(0.9)
Billing rates (weighted average) <sup>2</sup>	(\$/GJ)	<b>\$2.94</b>	\$2.64	\$0.30
<b><u>YTD ended December 31</u></b>				
Natural gas revenues from customers	(millions)	<b>\$35.6</b>	\$31.2	\$4.4
Natural gas sales to customers	(PJs)	<b>13.7</b>	14.9	(1.2)
Billing rates (weighted average)	(\$/GJ)	<b>\$2.80</b>	\$2.32	\$0.48

**Revenue from shareholder customers** for the quarter ended December 31, 2020 was \$28.8 million, or \$1.2 million (4%) higher than the same quarter last year, and \$35.6 million, or \$4.4 million (14%) higher on a YTD basis. These increases reflect average billing rates that were \$0.30/GJ (11%) higher for the current quarter and \$0.48/GJ (21%) higher YTD, as compared to the same periods last year. Natural gas sales to shareholder customers were 0.9 PJs (8%) lower than the same quarter last year and 1.2 PJs (8%) lower YTD. This decrease in sales is reflective of weather that was 5% warmer in fiscal year (FY) 2021 than in the same quarter in FY 2020.

**Unrealized loss on derivatives** was \$2,857,495 for the six months ended December 31, 2020, reflecting the change in the mark-to-market (MTM) value of financial derivatives since the start of the fiscal year. Financial derivatives are comprised of financial options, swaps, exchanges, basis and currency exposure.

**Net marketing income** generated by the Company's subsidiary and marketing venture (note 1) was \$191,645 for the current quarter (\$237,907 for the same quarter in FY 2020) and \$147,025 YTD (\$300,137 for the six months ended December 31, 2019). This income is used to offset the Company's general and administrative expenses.

<sup>1</sup> 1,000,000 GJs = 1 PJ

<sup>2</sup> Billing rates are designed to recover natural gas costs and variable costs

**Operations costs** for the six months ended December 31, 2020 were \$2,279,327, or \$30,577 (1.4%) higher than the same period last year, mainly due to higher delivery costs, partially offset by reduced station operations costs.

**Corporate expenses** for the six months ended December 31, 2020 were \$1,248,386, or \$162,084 (11%) lower than the same period last year due to decreased Directors fees and office expenses, partially offset by increased salaries and benefits.

## BALANCE SHEET

**Trade and other receivables** of \$25,873,548 at December 31, 2020 (\$10,395,565 at June 30, 2020) were comprised of natural gas billings to shareholder customers, receivables from counter-parties for hedging activities and the Company's proportionate interest in accounts receivable of its marketing venture. This balance reflects higher seasonal sales to customers (note 4) and greater hedging activities in December 2020 than in June 2020.

**Recoverable variable costs** of \$284,523 at December 31, 2020 (refundable costs of \$368,304 at June 30, 2020) were the cumulative difference between variable revenues at the annual rate of \$0.20/GJ versus the Company's operation and corporate expenses. Throughout the year, the balance in this account reflects the impact of seasonal temperature fluctuations on customer sales and revenues as compared to the relatively constant nature of variable costs (note 4).

**Derivative Asset** of \$2,729,141 at December 31, 2020 (\$5,586,636 at June 30, 2020) is the MTM estimate of financial derivatives outstanding at the balance sheet date and is included in refundable natural gas costs, as shown below. Financial hedging is intended to generate gains and manage risks related to gas price volatility (note 3).

**Natural gas held in storage** was \$2,523,774 at December 31, 2020 (\$1,443,528 at June 30, 2020) and is dependent upon opportunities in the market. Gas storage includes the cost of storage injections, storage operator fees and financing fees.

**Refundable natural gas costs** are the cumulative difference between revenues from customers and related gas costs. This balance includes an unrealized MTM estimate for outstanding financial derivatives, along with other financial transactions that are deferred at the balance sheet date (note 4).

	<u>Dec 31, 2020</u>	<u>June 30, 2020</u>
	\$	\$
Refundable (recoverable) realized balance, end of period	3,751,608	(66,270)
Unrealized financial derivative asset (MTM value)	2,729,141	5,586,636
Deferral of net loss on closed financial derivatives	<u>(1,397,939)</u>	<u>(1,933,869)</u>
Refundable natural gas costs, end of period	<u>5,082,811</u>	<u>3,586,497</u>

**Pipeline Funding Program** provides financial assistance to shareholder customers carrying out projects to secure alternate distribution supplies. Activities related to this program for the current and prior fiscal years are as follows:

	<b>FY 2021 YTD</b>	<b>FY 2020</b>
	<b>\$</b>	<b>\$</b>
Pipeline Funding Program, beginning of FY	<b>3,614,630</b>	4,519,920
Projects funded during the FY	-	(929,821)
Grant recoveries related to projects funded	<b>9,971</b>	-
Consulting fees	<b>(16,753)</b>	(70,559)
Interest income allocated to Program	<b>40,788</b>	95,090
Pipeline Funding Program, end of period	<b>3,648,636</b>	3,614,630



## CONSOLIDATED BALANCE SHEET

As at		Dec 31, 2020	June 30, 2020
		Unaudited	Audited
	Note	\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,782,327	7,467,078
Commodity account		3,109,601	2,496,690
Trade and other receivables		25,873,548	10,395,565
Recoverable variable costs	2	284,523	-
Derivative asset	3	2,729,141	5,586,636
Natural gas held in storage		2,523,774	1,443,528
Prepaid expenses and other current assets		1,746,658	1,237,638
		<b>39,049,572</b>	<b>28,627,135</b>
<b>Non-current Assets</b>			
Capital assets		130,023	146,638
Other non-current assets		273,356	168,677
		<b>403,378</b>	<b>315,315</b>
<b>Total Assets</b>		<b>39,452,950</b>	<b>28,942,450</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Bank loan		417,399	-
Accounts payable and accrued liabilities		23,373,805	15,229,896
Customer prepayments		1,845,107	1,058,915
Refundable natural gas costs		5,082,811	3,586,497
Refundable variable costs	2	-	368,304
Pipeline Funding Program		3,648,636	3,614,630
		<b>34,367,758</b>	<b>23,858,242</b>
<b>Subordinated debentures</b>		<b>3,490,000</b>	<b>3,490,000</b>
<b>Shareholders' equity</b>			
Share capital		32,538	31,554
Retained earnings	2	1,562,654	1,562,654
		<b>1,595,192</b>	<b>1,594,208</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>39,452,950</b>	<b>28,942,450</b>

## CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

Unaudited	Note	Three months ended		Six months ended	
		Dec 31/20	Dec 31/19	Dec 31/20	Dec 31/19
		\$	\$	\$	\$
<b>REVENUES</b>					
Sales to customers	4	30,593,222	29,587,668	39,267,190	34,734,578
Unrealized loss on derivatives	3	(1,046,307)	795,936	(2,857,495)	270,682
Marketing revenue	1	14,849,955	13,468,862	23,246,573	17,905,538
Other revenue		(2,384)	6,500	(84)	10,820
		<b>44,394,486</b>	<b>43,858,966</b>	<b>59,656,184</b>	<b>52,921,618</b>
<b>COSTS AND EXPENSES</b>					
<b>Cost of natural gas sold</b>					
Gas sold to customers		27,984,357	28,581,271	33,012,632	31,633,764
Marketing gas costs	1	14,412,988	13,030,099	22,675,881	17,231,826
		<b>42,397,345</b>	<b>41,611,370</b>	<b>55,688,513</b>	<b>48,865,590</b>
<b>Operation costs</b>					
Natural gas delivery costs		577,485	475,672	1,053,623	872,495
Meter station operations		536,987	767,579	1,225,705	1,376,257
		<b>1,114,472</b>	<b>1,243,251</b>	<b>2,279,328</b>	<b>2,248,752</b>
<b>Corporate expenses</b>					
Salaries and benefits		281,076	289,787	570,454	538,419
External services		119,187	146,173	270,316	246,124
Directors' fees and expenses		71,702	128,519	140,797	232,423
Office and general expenses		157,195	228,306	266,734	393,503
		<b>629,160</b>	<b>792,785</b>	<b>1,248,301</b>	<b>1,410,469</b>
<b>Other expenses</b>					
Marketing expenses	1	245,322	200,856	423,667	373,575
Depreciation and amortization		8,187	10,704	16,374	23,232
		<b>253,509</b>	<b>211,560</b>	<b>440,042</b>	<b>396,807</b>
<b>Total costs and expenses</b>		<b>44,394,486</b>	<b>43,858,966</b>	<b>59,656,184</b>	<b>52,921,618</b>
<b>Net Income</b>	2	-	-	-	-
<b>Retained Earnings, beginning of year</b>		<b>1,562,654</b>	<b>1,562,654</b>	<b>1,562,654</b>	<b>1,562,654</b>
<b>Retained Earnings, end of period</b>		<b>1,562,654</b>	<b>1,562,654</b>	<b>1,562,654</b>	<b>1,562,654</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Unaudited	Three months ended		Six months ended	
	Dec 31/20	Dec 31/19	Dec 31/20	Dec 31/19
	\$	\$	\$	\$
<b>CASH FROM OPERATIONS</b>				
Net Income	-	-	-	-
<b>Non-cash items:</b>				
Depreciation of capital assets	8,188	10,704	16,374	23,232
Amortization of other assets	62,638	87,761	140,815	68,956
Unrealized gain (loss) on derivatives	1,046,307	(795,936)	2,857,495	(270,682)
	1,117,133	(697,471)	3,014,684	(178,494)
<b>Changes in non-cash working capital:</b>				
Trade and other receivables	(11,213,480)	(19,135,569)	(15,477,984)	(20,890,472)
Recoverable variable costs	547,494	706,474	(284,523)	(105,010)
Natural gas held in storage	1,572,640	487,578	(1,080,246)	423,971
Prepaid expenses and other current assets	(630,499)	978,267	(599,043)	350,217
Accounts payable and accrued liabilities	9,072,201	15,081,892	8,143,909	8,377,135
Customer prepayments	797,956	(67,381)	786,195	(139,499)
Refundable natural gas costs	2,750,112	1,518,628	1,496,314	662,268
Refundable variable costs	-	-	(363,263)	-
Pipeline Funding Program	18,006	(461,969)	34,006	(438,159)
	2,914,430	(892,080)	(7,344,635)	(11,759,549)
<b>Cash from (used in) operations</b>	<b>4,031,563</b>	<b>(1,589,551)</b>	<b>(4,329,951)</b>	<b>(11,938,043)</b>
<b>INVESTING ACTIVITIES</b>				
Acquisition of capital assets	(601)	(1,660)	(4,801)	(7,329)
Commodity account	1,239,768	(954,046)	(612,911)	765,550
Change in other non-current assets	7,000	-	(155,471)	-
<b>Cash from (used in) investing</b>	<b>1,246,168</b>	<b>(955,706)</b>	<b>(773,183)</b>	<b>758,221</b>
<b>FINANCING ACTIVITIES</b>				
Increase (decrease) in bank loans	(4,869,744)	-	417,399	-
Issue of Class A shares	1,282	971	1,282	971
Redemption of Class A shares	(298)	-	(298)	-
<b>Cash from (used in) financing</b>	<b>(4,868,760)</b>	<b>971</b>	<b>418,383</b>	<b>971</b>
Change in cash and equivalents	408,971	(2,544,286)	(4,684,751)	(11,178,851)
Cash and equivalents, start of year	2,373,356	4,472,111	7,467,078	13,106,676
Cash and equivalents, end of year	2,782,327	1,927,825	2,782,327	1,927,825

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. These consolidated financial statements combine the financial position and operating results of Gas Alberta Inc. and its wholly owned subsidiary, Gas Alberta Enterprises Ltd., which owns a proportionate share in a marketing venture, Gas Alberta Energy. The accounting policies followed are described in the Company's audited consolidated financial statements for the year ended June 30, 2020.
2. Gas Alberta Inc. operates on a cost-recovery basis, with any differences between revenues and costs being returned to or recovered from its shareholder customers through the Company's monthly gas rates and annual variable rate, or via refunds.
3. These consolidated financial statements include a mark-to-market estimate for financial hedging contracts outstanding at the balance sheet date. MTM estimates may vary significantly depending upon the terms of the hedging contracts and forward market prices.
4. Gas Alberta Inc.'s natural gas sales to customers are highly seasonal, with approximately two-thirds of the Company's annual sales occurring in the winter heating period.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Len Spratt, Chair    Perry Ellis  
 Delbert Beazer    Michelle Gallagher  
 Allen Dietz        Jack Goodall  
 Denis Dubrulle    Terry Holmes

### CORPORATE OFFICERS

Paul Dunsmore, President & CEO  
 Kyle Patterson, VP, Operations

### BANKERS

ATB Financial  
 Calgary, Alberta

### LEGAL COUNSEL

Norton Rose Fullbright Canada LLP  
 Calgary, Alberta

### CORPORATE SECRETARY

Ryan Keays, Partner  
 Norton Rose Fullbright Canada LLP  
 Calgary, Alberta

### AUDITOR

PricewaterhouseCoopers LLP  
 Calgary, Alberta  
 Courtney Kolla, Partner

### CORPORATE OFFICE

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### ANNUAL MEETING

November 23, 2021 at 5:00 p.m.

**Daniel Moric**

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**From:** Kevin Crush <kcrush@fedgas.com>  
**Sent:** March 22, 2021 4:12 PM  
**To:** Kevin Crush  
**Subject:** FIRE Subscriber Update  
**Attachments:** FIRE Subscriber Update.pdf

To All Federation Members:

Attached is a Subscriber Update from the Federation Insurance Reciprocal Exchange (FIRE).

Thank you,

**Kevin Crush**

Corporate Services manager  
Federation of Alberta Gas Co-ops Ltd.  
M:780-416-6543 | D:780-416-6535

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~Ensuring Successful Co-operative and Community Utilities~



March 22, 2021

Dear Subscribers of the FedGas Insurance Reciprocal Exchange (FIRE),

The Board recently met with Aon, the Attorney in Fact, to discuss issues relating to FIRE and to discuss current issues impacting Subscribers to FIRE including COVID - 19. We had, as usual, a very good discussion with Brad Steele and Mallory Gray that raised points of interest that the Board felt ought to be shared with Subscribers.

As you are all aware or can well appreciate, for the past year many business segments, COVID-19 has been the most disruptive, world-changing event in living memory. The challenges caused by COVID-19 can affect every aspect of an organization – from people to the bottom lines to meeting budget expense expectations and keeping receivables at manageable levels. As business leaders seek to quickly respond to this rapidly unfolding crisis, they must also make decisions about next steps in a fluid and uncertain environment where the longer-term horizon is still evolving. The work you do on both fronts will shape the future of your organizations.

### **Protecting employee health**

At this stage in the pandemic arc, protecting people and assets are imperative to your organization, but that focus takes on even more emphasis with the evolving challenges of COVID-19. Employee health and wellbeing should also become a top priority, and companies can tap into technology solutions to help employees manage their wellbeing virtually, as well as ensure managers are conducting regular check-ins. A few resources available to all co-ops are as follows:

Sun Life Mental Health Support

[https://luminohhealth.sunlife.ca/s/health-guides?language=en\\_US](https://luminohhealth.sunlife.ca/s/health-guides?language=en_US)

Learn how to manage stress in challenging times. Free, virtual AHS workshops help identify and transform stress

<https://www.albertahealthservices.ca/amh/page16759.aspx>

Government programs

[https://www.canada.ca/en/public-health/services/mental-health-services/mental-health-get-help.html#Crisis\\_help\\_links](https://www.canada.ca/en/public-health/services/mental-health-services/mental-health-get-help.html#Crisis_help_links)

### **Protecting your assets**

A company's assets — whether physical assets, intellectual property or otherwise — will have to withstand the new challenges of the pandemic and the economic environment which was created in the COVID-19 climate which has demonstrated a rise thefts and cyber related crimes. Organizations must analyze risk as it relates to real estate, business continuity and their supply chain, cyber risk and operational resilience. It is important that Boards have a clear understanding and analysis of their risk and insurances during this time and getting that information should be a top priority.

We all understand the basic principal of insurance which is purchased to protect your investment and the revenue generated through the use of your property, however, the significance of insuring to full

replacement cost value of your property cannot be overstated when it comes to managing your risk and protecting your assets. Your FIRE property policy and mobile equipment policy provides Subscribers with replacement cost on buildings, contents and mobile equipment, which is defined as the cost of replacing property with new property of the same kind and use, using materials of like kind and quality, without any deduction for depreciation.

The Board would like to remind Subscribers to review your Statement of Values, ensuring that all assets are reported accurately both with respect to currency and value. In addition to determine the accurate building value, the primary method is to engage a professional appraiser to do an appraisal to reflect insurance value; however, buildings are not the only things to consider:

**Contents** – For specialized or unique equipment, it is advisable to obtain an appraisal. Inventory values can be verified by invoices and periodic reviews.

**Mobile Equipment** – These values should be insured for replacement cost.

**Inflation** – Building and contents values, once verified, should be kept current by applying an annual inflationary factor. Many appraisal companies will offer this service as part of the appraisal process.

#### **Protecting your utility from Cybercrime**

In addition to continuing to safeguard the health and wellbeing of employees, leaders of organizations should focus on protecting their assets. In just a short time, the world has seen the devastating impact that COVID-19 has had on the health of populations and on the economies of countries around the world and how that has translated into what may be the most daunting challenge in living memory for leaders as they make decisions in uncharted waters. It is important for Boards to realize that your utilities' computer systems are vulnerable to customer and membership data attacks. Some insurers are taking actions to protect this line of business from avoidable claims. In this regard, Beazley your cyber insurer has partnered with a third-party vendor (KYND) to perform external network scans for all their customers. This analysis performed by the Beazley is non-intrusive and only covers what is visible on the internet. **The main purpose of the network scan is to identify high-risk vulnerabilities.** If these vulnerabilities do exist, Beazley will request confirmation that modifications/remediations were put in place.

The global insurance market continues to experience hard market conditions and the economic impact of COVID-19 is expected to be significant, with a large and sustained global recession being predicted. While most of the economic losses caused by COVID-19 are not insured, insurers are experiencing indirect consequences that make it difficult to predict how the insurance market will respond. With the prospect of the hard market continuing it underscores the benefits of FIRE to its Subscribers as it helps to mitigate the impact of a hard market.

The Board and management of FIRE want to reassure our Subscribers that we are here to support each of your organizations as we work towards our mutual goals of providing appropriate insurance coverage and managing risk. If you have any questions or concerns surrounding the COVID -19 environment or any of information provided above, please do not hesitate to reach out to the Federation or our valued partner, Aon.

Stay safe,



**Bert Paulssen**

**Chair**

On behalf of FIRE Board of Directors