

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, June 15, 2021 at 9:00 o'clock A.M.

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

<https://us02web.zoom.us/j/87373522079?pwd=MVhtdnlXSFBjdkpzNitYUTNWeVBWZz09>

Meeting ID: 873 7352 2079 Passcode: 185835

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 April 13, 2021 – Utilities Meeting: **Natural Gas Meeting.** ©

Recommendation: Motion to Adopt.

3.2 Utilities Meeting: – April 13, 2021 Natural Gas: **Action List.** ©

Recommendation: File for Information

4. Request for Decision:

4.1 RFD Fusion Machine ©

5. Issues for Information:

5.1 Manager's Report. ©

5.2 May 2021 Natural Gas Rates ©

5.3 June 2021 Natural Gas Rates ©

5.4 Gas Alberta Interim Report FY21 Q3 ©

5.5 Tenant Payment ©

6. Correspondence:

- 6.1 Kevin Ouderkirk, CEO of Ste Anne Natural Gas Co-op Ltd, on behalf of the Federation Managers Advisory Committee. dated May 27, 2021 & June 4, 2021 – RE: Ride For Legends ©

Recommendation: File for Information

- 6.2 Kevin Crush, Corporate Services Manager, Federation of Alberta Gas Co-ops Ltd. dated May 31, 2021 – RE: COVID-19 Return to Work and Vaccinations ©

Recommendation: File for Information

- 6.3 Allison Zinnick, Administrative Coordinator, Federation of Alberta Gas Co-ops Ltd. dated June 2, 2021 – RE: Members Meeting & FIRE AGM Zoom Link ©

Recommendation: Who can attend – Attend

- 6.4 Kevin Crush, Corporate Services Manager, Federation of Alberta Gas Co-ops Ltd. dated June 3, 2021 – RE: AUMA & Sun-Life Retirement Webinar ©

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, **April 13, 2021** at 11:52 AM. 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:

ATTENDANCE		
<u>Div. No.</u>	<u>Councillor(s)</u>	<u>Tuesday, Apr. 13, 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 in Chambers
Planning & Dev. Assist.	Kyle Schole	Present Virtually
Legislative Svcs/R.S.	Patti Priest	Present Virtually
GIS	Carole Dowhaniuk	Present Virtually

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

2. Agenda:

597-21: Gawalko That the Smoky Lake County Natural Gas Meeting Agenda for Tuesday, April 13, 2021, be adopted, as presented.

Carried Unanimously.

3. Minutes:

598-21: Lukinuk That the Minutes of the Smoky Lake County Natural Gas Meeting held on Tuesday, February 16, 2021, be adopted.

Carried.

599-21: Orichowski That the Action List from the Smoky Lake County Natural Gas Meeting dated Tuesday, February 16, 2021, be accepted as presented.

Carried.

8. Executive Session:

Outstanding Accounts - Termination of Natural Gas Services

600-21: Orichowski That Smoky Lake County Council go into Executive Session to discuss a Legal Issue in regard to outstanding Natural Gas Accounts, under the authority of the FOIP Act, Section 21: Intergovernmental Relations and Advice from Officials: FOIP Section 24, time 12:07 p.m..

Carried.

One member of the Public virtually left the meeting, time 12:07 p.m.

601-21: Orichowski That Smoky Lake County Council go out of Executive Session, time 12:33 p.m..

Carried.

3. Request for Decision:

Outstanding Account #100490.03 - Termination of Natural Gas Service

602-21: Lukinuk

That Smoky Lake County terminate and write off Natural Gas Account #100490.03 in the amount of \$7,287.75 and proceed to cut and cap the gas service to the property legally described as Lot 8 and 9, Block 1, Plan 1022CL, within the Village of Vilna.

Carried.

Outstanding Account #100275.01 - Termination of Natural Gas Service

603-21: Orichowski

That Smoky Lake County terminate the Natural Gas Contract and write off Natural Gas Account #100275.01 and cancel outstanding balance in the amount of \$5,515.82 and proceed to cut and cap the gas service to the property legally described as Lot E & F, Plan 38HW being in the Village of Vilna.

Carried.

Outstanding Account #994205.01 - Termination of Natural Gas Service

604-21: Gawalko

That Smoky Lake County terminate and write off Natural Gas Account #994205.01 and cancel outstanding balance in the amount of \$10,314.68, to the property legally described as Lot 6, Block 3, Plan 7821750 located at Mons Lake in the Sandy Lane subdivision which was cut and capped in Year-2012.

Carried.

Review of Bylaw No. 1332-18: Natural Gas

605-21: Lukinuk

That Smoky Lake County's Bylaw No. 1332-18: Natural Gas, be reviewed by the County solicitors: Brownlee LLP, to provide recommendations in respect to strengthening provisions for abating delinquent accounts including those accounts held within the jurisdiction of the Village of Vilna; and bring the said recommendations forward for Council consideration at the next scheduled Natural Gas meeting.

Carried.

Natural Gas Accounts under the jurisdiction of other Municipalities

606-21: Gawalko

That the Smoky Lake County investigate all delinquent Natural Gas Accounts held within the Village of Vilna and report the findings to Council for further discussion.

Carried.

Kyle Schole, Planning and Development Manager Assistant, virtually left the meeting, time 12:41 p.m.

5. Issues for Information:

Manager's Report

607-21: Gawalko

That Smoky Lake County Council accept the Natural Gas Manager's Report of statistics and activities dated April 7, 2021, and file for information.

Carried.

Natural Gas Rate – March 2021

608-21: Cherniwchan

That the Smoky Lake County Natural Gas Rates for **March 2021**, from Gas Alberta in the amounts of \$3.90 (Gas Alberta Rate) + \$0.20 (Variable) + \$1.90 (Operations & Maintenance Charge) = \$6.00/GJ, be filed for information.

Carried.

Natural Gas Rate – April 2021

609-21: Orichowski That the Smoky Lake County Natural Gas Rates for **April 2021**, from Gas Alberta in the amounts of \$2.60 (Gas Alberta Rate) + \$0.20 (Variable) + \$1.90 (Operations & Maintenance Charge) = \$4.70/GJ, be filed for information.

Carried.

Natural Gas Rates – March 2021 – Billing April 2021

610-21: Lukinuk That the Smoky Lake County Natural Gas report for “Natural Gas Rates March 2021 Billing April 2021”, prepared by the Natural Gas Manager, be filed for information.

Carried.

Gas Alberta Inc. Interim Report FY21 Q2

611-21: Cherniwchan That correspondence received by the Smoky Lake County from the President and CEO of Gas Alberta Inc. titled: “Interim Report - Fiscal Year 2021 – quarter 2, for the six months ended December 31, 2020”, be filed for information.

Carried.

6. Correspondence:

Federation of Alberta Gas Co-ops Ltd.

612-21: Lukinuk That the correspondence received by Smoky Lake County from Kevin Crush, Corporate Services Manager, Federation of Alberta Gas Co-ops Ltd., dated March 22, 2021, in regard to the Board and management of FedGas Insurance Reciprocal Exchange (FIRE), reassuring support of organizations and working towards mutual goals of providing appropriate insurance coverage, and managing risk as the global insurance market continues to experience hard market conditions along with the economic impact of COVID-19 and global recession being predicted; be filed for information.

Carried.

Next Meeting

613-21: Orichowski That the next Smoky Lake County **Natural Gas Meeting** be scheduled for **Tuesday, June 15, 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:

614-21: Halisky That the Smoky Lake County Natural Gas Meeting of April 13, 2021, be adjourned, time, 12:50 p.m.

Carried.

CHAIRPERSON

S E A L

CHIEF ADMINISTRATIVE OFFICER



6
GOALS

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

COUNCIL MOTIONS/INQUIRY PLAN
COUNCIL MOTIONS 2021

Meeting Date	Motio...	Goal	Details	Owner	Progress Update
2021 04 13 Natural Gas					
2021/04/13	602-21	→ Outstanding Account #100490.03 - Termination of Natural Gas Service	That Smoky Lake County terminate and write off Natural Gas Account #100490.03 in the amount of \$7,287.75 and proceed to cut and cap the gas service to the property legally described as Lot 8 and 9, Block 1, Plan 1022CL, within the Village of Vilna.	Natural Gas Manager	Daniel Moric: Achievements: Completed Challenges: <i>No value</i> Next Steps: <i>No value</i>
2021/04/13	603-21	→ Outstanding Account #100275.01 - Termination of Natural Gas Service	That Smoky Lake County terminate the Natural Gas Contract and write off Natural Gas Account #100275.01 and cancel outstanding balance in the amount of \$5,515.82 and proceed to cut and cap the gas service to the property legally described as Lot E & F, Plan 38HW being in the Village of Vilna.	Natural Gas Manager	Daniel Moric: Achievements: Completed Challenges: <i>No value</i> Next Steps: <i>No value</i>
2021/04/13	604-21	→ Outstanding Account #994205.01 - Termination of Natural Gas Service	That Smoky Lake County terminate and write off Natural Gas Account #994205.01 and cancel outstanding balance in the amount of \$10,314.68, to the property legally described as Lot 6, Block 3, Plan 7821750 located at Mons Lake in the Sandy Lane subdivision which was cut and capped in Year-2012.	Natural Gas Manager	Daniel Moric: Achievements: Completed Challenges: <i>No value</i> Next Steps: <i>No value</i>

2021/04/13 05-21

→ **Review of Bylaw No. 1332-18: Natural Gas**

That Smoky Lake County's Bylaw No. 1332 Natural Gas, be reviewed by the County solicitors: Brownlee LLP, to provide recommendations in respect to strengthening provisions for abating delinquent accounts including those accounts held within the jurisdiction of the Village of Vilna; and bring the said recommendations forward for Council consideration at the next scheduled Natural Gas meeting.

Natural Gas Manager

Daniel Moric:

Achievements: Currently being reviewed by the County's legal team. Sent to Brownlee LLP on May 10. Awaiting update From Brownlee.

Challenges: *No value*

Next Steps: *No value*

2021/04/13 606-21

→ **Natural Gas Accounts under the jurisdiction of other Municipalities**

That the Smoky Lake County investigate all delinquent Natural Gas Accounts held within the Village of Vilna and report the findings to Council for further discussion.

Natural Gas Manager

Daniel Moric:

Achievements: The County is in the process of applying Caveats to delinquent properties in Vilna.

Challenges: *No value*

Next Steps: *No value*



REQUEST FOR DECISION		DATE	June 15, 2021	4.1
TOPIC	Purchase New Pipe Fusion Equipment.			
PROPOSAL	Smoky Lake County Natural Gas purchase a McElroy PitBull 14 Butt Fusion machine from ISCO-McElroy in Edmonton.			
CORRELATION TO BUSINESS (STRATEGIC) PLAN				
<p>The current fusion equipment we own is a socket fusion iron with male and female sockets that heat up to melt the fittings and pipe to join PE pipe together. This equipment works good for ¾" and 1" pipe, but requires 3 people to fuse 1 ½" and 2" pipe due to the stiffness of the larger diameter pipe. We are unable to fuse 2 ½" and 3' pipe with the socket fusion equipment we own, so we either hire Lamco Gas out of Lamont to fuse those sizes for us, or borrow a butt fusion machine from County of Vermillion River Gas. This practice is not effective if we have an emergency underground leak which requires quick repair, due to availability of the other Co-ops. This machine will allow us to fuse pipe above ground and plow the pipe in on longer jobs that require multiple spools of pipe. You cannot plow in the socket fittings we currently use as they get damaged during plowing. This will save us having to stop plowing, dig a hole to fuse the line underground, and backfill the hole. It will also allow 2 people to be able to fuse the larger diameter PE pipes, rather than having to get 3 people.</p> <p>The Pitbull 14 from ISCO-McElroy is a good fit for our operation as it can fuse pipe from 1"-4" diameters. ISCO-McElroy is the only distributor of these machines. Can-Con Industries in Edmonton is able to supply a butt fusion machine, but the smallest machine they supply fuses 2"-8", which is out of our scope of work.</p> <p>Over the past 2 years, I have been watching for used machines online and at Ritchie Bros, but the price of used machines is close to ¾ of the price of new, and there is worn and missing parts to replace.</p>				
LEGISLATIVE, BYLAW and/or POLICY IMPLICATIONS				
BENEFITS		Listed above		
DISADVANTAGES		Listed above		
ALTERNATIVES				
FINANCE/BUDGET IMPLICATIONS				
Operating Costs:	\$ _____	Capital Costs:	\$ 7,077.06	
Budget Available:	\$ _____	Source of Funds:		
Budgeted Costs:	_____	Unbudgeted Costs:	\$ 7,077.06	
INTERGOVERNMENTAL INVOLVEMENT/IMPLICATIONS	N/A			
COMMUNICATION STRATEGY				
RECOMMENDATION				
To purchase the McElroy Pitbull 14 for \$7,077.06				
CHIEF ADMINISTRATIVE OFFICER				



Bill To:
 171477
 SMOKY LAKE COUNTY
 BOX 310
 SMOKY LAKE, AB T0A 3C0

Ship To:
 SMOKY LAKE COUNTY
 BOX 310
 SMOKY LAKE, AB T0A 3C0

Quote Number	32030055
Quote Date	05/12/21
Expiration Date	05/19/21
Page	1 of 1

Payment Terms NET 30	Customer Job/Project Name	Written By PATTI TAYLOR
Freight Terms PREPAID AND ADD	Contact	Sales Rep DUSTIN SASGES
Ship Via Best Way	Additional Info	

#	Qty	UM	Product	Description	Each	Extended
1	1	EA	75140000	# 14PB DIPS FUSION MACHINE PKG 100-120V 50/60HZ 1PH A430101	5587.66	5,587.66
2	1	EA	76510100	1" IPS INSERT SET 207513	167.25	167.25
3	1	EA	76510125	1-1/4" IPS INSERT SET 207514	167.25	167.25
4	1	EA	76510150	1-1/2" IPS INSERT SET 207515	167.25	167.25
5	1	EA	76510214	2" IPS MASTER INSERT SET FOR 14 MACHINE 410007 (A)	320.41	320.41
6	1	EA	76510314	3" IPS INSERT SET FOR 14 MACH MC410103	330.25	330.25

ALL TAXES ARE EXTRA
 TERMS ARE NET 30 DAYS
 FOB EDMONTON
 QUOTE IS GOOD FOR 15 DAYS

ISCO Standard Terms and Conditions apply. Please visit <http://www.isco-pipe.com/terms-and-conditions.aspx>

Merchandise Total	GST/PST/HST	Shipping & Handling	Quote Total
6,740.07	336.99	0.00	CAD\$ 7,077.06
1 Sales tax will be charged based on the ship to address at the time of invoice if there is no tax certificate on file.		Accepted By: _____ Printed Name: _____ Date: _____	
2 Freight amount in this quote is an estimate only. Actual freight terms and charges will be determined at the time the order is placed.			

PIT BULL® 14



MADE FOR
UNDERGROUND
CONSTRUCTION



STANDARD FEATURES

- ✓ Hand-operated
- ✓ Lightweight and durable
- ✓ 15-to-1 mechanical advantage
- ✓ Patented Centerline Guidance System for equal distribution of force around the joint
- ✓ Semi-automatic locking mechanism to maintain force during the cooling cycle
- ✓ Hard-anodized clamp knobs to minimize force required to clamp and round pipe
- ✓ Serrated jaws and inserts keep pipe from slipping during fusion
- ✓ Electric facer design

The McElroy Pit Bull 14 is a compact, lightweight, highly reliable and rugged fusion machine that fuses 1" IPS to 4" DIPS (32mm to 110mm) pipe.

The Pit Bull 14 incorporates McElroy's patented Centerline Guidance System, and is designed to butt fuse tees, ells and other fittings with consistent, high-quality results. The machine's semi-automatic locking cam system maintains force during the cooling cycle.

Features include reversible jaws, clamp knobs and facer. Add the optional 4-wheel cart with outrigger pipe supports or a manual fusion machine stand that raises the machine to a comfortable working level.

ADDITIONAL IMAGES



SPECIFICATIONS

MODELS

A430101	120V
A430102	240V

WEIGHTS

Carriage	35 lbs. (15.9 Kg)
Heater	10 lbs. (4.5 Kg)
Facer	21.6 lbs. (9.8 Kg)
Shipping Weight	125 lbs. (56.7 Kg)

POWER

Heater	1,200 Watts, 50 / 60 Hz, 1 Ph
Facer	50 / 60 Hz, 1 Ph
120V Heater Plug type	NEMA 5-15P
240V Heater Plug type	NEMA 6-15
120V Facer Plug type	NEMA 5-15P
240V Facer Plug type	NEMA 6-15

MACHINE DIMENSIONS

Machine Length	15.5" (393.7mm)
Machine Width	16.5" (419.1mm)
Machine Height	31.8" (807.7mm)

SHIPPING DIMENSIONS

Length	27" (685.8 mm)
Width	40" (1,016 mm)
Height	33" (838.2 mm)

INCLUDES

Fusion machine, heater, facer, insulated heater stand and screw/driver kit.



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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: Completed
Challenges: *No value*
Next Steps: *No value*
2021/06/08

Odorant Activity: 100%

→Deliver Odorant

Daniel Moric:
Achievements: *No value*
Challenges: *No value*
Next Steps: *No value*
2021/06/08

Daniel Moric:
Achievements: -April 1/21 - April 30/21. 27 hrs x 2 servicemen = 54 hrs spent completing odorant deliveries to Smoky Lake County Gas Utility, Sedgewick/Killam Gas Utility, Iron Creek Gas Co-op, Phoenix Gas Co-op, County of Vermillion River Gas Utility, Village of Boyle Gas Utility, Lac La Biche District Gas Co-op, and Goodfish Lake Gas Utility.
-May 1/21 - May 31/21. 36 hrs x 2 servicemen = 72 hrs spent completing odorant deliveries to Paintearth Gas Co-op, County of Thorhild Gas Utility, Phoenix Gas Co-op, and Northeast Gas Co-op.
-June 1/21 - June 8/21. 12 hrs x 2 servicemen = 24 hrs spent completing odorant deliveries to Rocky Gas Co-op and Burnt Lake Gas Co-op:
Challenges: *No value*
Next Steps: *No value*
2021/06/08

CNG Trailer: 0%

Compressed natural gas trailer

Daniel Moric:

Achievements: *No value*

Challenges: *No value*

Next Steps: *No value*

2021/06/08

Daniel Moric:

Achievements: No activity for the CNG trailer during this reporting period.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

Administrative Activity (GAS):
100%

Daniel Moric:

Achievements:

- Attend weekly manager meetings.
- Receive customer phone calls.
- Respond to emails.
- Assist in producing monthly gas bills.
- May 2021 gas price was \$4.80/GJ. June 2021 gas price has increased to \$4.90/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 351 accounts registered. An increase of 4 since last report.
- Posted in the gas bills for customers wanting to go on equalized billing as well as for paperless billing.
- 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*

2021/06/08

→Service Is: 100%

Daniel Moric:

Achievements: -1 carbon monoxide call at the Vilna Lodge. Found high readings of CO coming from one of the boiler units while the appliance was off, but the pilot light was running. Readings went to Zero once the pilot light was turned off. Possible venting issue. Notified maintenance staff to have appliance looked at.

Challenges: *No value*

Next Steps: *No value*
2021/06/08

→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*
2021/06/08

→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*
2021/06/08

→Management meeting

Daniel Moric:

Achievements:
Attend weekly managers meetings

Challenges: *No value*

Next Steps: *No value*
2021/06/08

→Complete Invoicing

→Clean truck

→Utility Personnel Meeting

→Tool Bo. 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, once deemed safe to do so.

Challenges: *No value*

Next Steps: *No value*
2021/06/08

→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*
2021/06/08

→Main Office Safety Meeting

→Meter readings

Daniel Moric:

Achievements: Collect meter readings monthly for customer billing

Challenges: *No value*

Next Steps: *No value*
2021/06/08

→Managers reports

Daniel Moric:

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

Challenges: *No value*

Next Steps: *No value*
2021/06/08

→Delinquent accounts

Daniel Moric:

Achievements: -Send out overdue account notices to customers who are over 60 days overdue on paying their gas bill(s).
-Transfer overdue account balances to tax roll.

-In the process of have our legal representatives apply liens on overdue account properties in Vilna.

Challenges: *No value*

Next Steps: *No value*
2021/06/08

→Paperless Billing

Daniel Moric:

Achievements: Currently have 351 natural gas accounts receiving bills by email. An increase of 4 since last reporting period.

Challenges: *No value*

Next Steps: *No value*
2021/06/08

→Attend Conventions

Daniel Moric:

Achievements: Will be attending the FIRE (Federation Insurance Reciprocal Exchange) meeting and the Federation Members meeting on June 17th virtually. Will report to Council, if Council is unable to attend.

Challenges: *No value*

Next Steps: *No value*
2021/06/08

→Auditor documentation

Daniel Moric:

Achievements: Federation audit will be occurring on June 15th

Challenges: *No value*

Next Steps: *No value*
2021/06/08

→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*
2021/06/08

→Departmental meetings

Daniel Moric:

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

Challenges: *No value*

Next Steps: *No value*
2021/06/08

→Job Interviews

→Employee Evaluations

Daniel Moric:

Achievements: Will be completing employee evaluations this month.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

→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*

2021/06/08

→O & M Policy

Daniel Moric:

Achievements: -Continually review and update the Federation O&M Policy Manual, as required.
-Federation Audit will be occurring on June 15th, with auditor Delbert Beazer completing the audit in person. Will be forwarding him as much info as I can prior to his arrival to minimize his time spent here.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

→Automatic Meter Readings

Daniel Moric:

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

Challenges: *No value*

Next Steps: *No value*

2021/06/08

Training Activity (GAS): 100%

Daniel Moric:

Achievements: William Gray was scheduled to be in the Gas Utility Operator program starting April 20th for the in-class portion at the Federation office, but due to the tighter restrictions, was postponed to a later date to be announced.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

Natural Gas Construction of Infrastructure: 100%

→Line locates

Daniel Moric:

Achievements: *No value*

Challenges: *No value*

Next Steps: *No value*

2021/06/08

Daniel Moric:

Achievements: -102 line locates were complete since last reporting period.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

→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.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

→Magazine check

Daniel Moric:

Achievements: Complete explosives magazine inventory monthly.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

→Odor sample

Daniel Moric:

Achievements: Monthly odorant intensity checks (20 locations)

Challenges: *No value*

Next Steps: *No value*

2021/06/08

→Vehicle maintenance

Daniel Moric:

Achievements: -Complete vehicle/equipment maintenance as required.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

→Equipment maintenance

→Leak detection

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*
2021/06/08

→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*
2021/05/12

→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*
2021/06/08

→Tetler bag samples

Daniel Moric:

Achievements: 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*
2021/06/08

→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.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

→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. Received paper and digital copies of our as-built maps in late April.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

→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*

2021/06/08

→Install gas lines

Daniel Moric:

- Achievements:**
- the Hillside Acres pipeline upgrade is 90% complete. The pipe is plowed in and the CNRL pipeline crossing is complete. Could not use our own road bore equipment to install the pipe under Township Road 620, so will be scheduling a directional drill to complete that portion of the project.
 - Have 2 service alterations planned. One by Stry once the customer is ready, and one by Waskatenau, which is scheduled to be completed on June 10th.
 - Have 7 secondary gas lines on planned.
 - 4 rural new infills planned. 4 urban infills planned.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

→ 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*

2021/06/08

→ Sign installation 0 Sign(s)

Daniel Moric:

Achievements: New posts have come in. Installed 10 signs from last years inventory. Still waiting for Aston Signs to make the new signs. There was delays getting the aluminum plates for the signs.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

→ Cut and Caps

Daniel Moric:

Achievements: No activity this reporting period.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

→ Maintain Facilities.

→ RMO Replacement

Meter recalls and maintenance:
100%

Daniel Moric:

Achievements: *No value*

Challenges: *No value*

Next Steps: *No value*

2021/06/08

→ AMR meters

Daniel Moric:

Achievements: No activity during this reporting period.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

→Replac effective gas
meters

Daniel Moric:

Achievements: Replace as required. None have failed since last Council update.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

→Meter Recalls

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

Daniel Moric:

Achievements: Council has requested a review of Bylaw No. 1332-18 Natural Gas with Gene and Legal prior to bringing it forward to Council. Legal is in the process of reviewing and hope to be receiving updates from Brownlee shortly.

Challenges: *No value*

Next Steps: *No value*

2021/06/08

**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



April 27, 2021

Attention: Manager/CAO

Re: GAS COST RATE EFFECTIVE MAY 2021

Gas Alberta's gas cost rate will increase by \$0.10/GJ to **\$2.70/GJ** for the month of May 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 May 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	\$3.293/GJ	\$3.188/GJ	\$3.283/GJ	\$2.70/GJ
Over (Under) riders included in Gas Costs	\$(0.53)/GJ	\$(0.43)/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 May 2021

	Gas Ab. Rate	Variable	O & M charge	Total	
Domestic rate	\$ 2.70	\$ 0.20	\$ 1.90	\$ 4.80	

Sungro

0-35000 gjs	\$ 2.70	\$ 0.20	\$ 0.80	\$ 3.70	X
35-85000 gjs	\$ 2.70	\$ 0.20	\$ 0.60	\$ 3.50	
over 85	\$ 2.70	\$ 0.20	\$ 0.40	\$ 3.30	

Smoky Lake Forest Nursery

0-35000 gjs	\$ 2.70	\$ 0.20	\$ 0.80	\$ 3.70	
35-85000 gjs	\$ 2.70	\$ 0.20	\$ 0.60	\$ 3.50	X
over 85	\$ 2.70	\$ 0.20	\$ 0.40	\$ 3.30	

Tremel	\$ 2.70	\$ 0.20	\$ 0.78	\$ 3.68	
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Domestic riser service charge \$ 25.00 / riser

Fixed charge	\$ 1.90
Systems capital	\$ 0.40

Commercial riser service charge \$ 60.00 / riser

Town of Smoky Lake	\$ 2.70	\$ 0.20	\$ 0.12	\$ 3.02	
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May 26, 2021

Attention: Manager/CAO

Re: GAS COST RATE EFFECTIVE JUNE 2021

Gas Alberta's gas cost rate will increase by \$0.10/GJ to **\$2.80/GJ** for the month of June 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 June 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	\$3.352/GJ	\$3.231/GJ	\$3.34/GJ	\$2.80/GJ
Over (Under) riders included in Gas Costs	\$(0.36)/GJ	\$(0.17)/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 June 2021

	Gas Ab. Rate	Variable	O & M charge	Total	
Domestic rate	\$ 2.80	\$ 0.20	\$ 1.90	\$ 4.90	

Sungro

0-35000 gjs	\$ 2.80	\$ 0.20	\$ 0.80	\$ 3.80	X
35-85000 gjs	\$ 2.80	\$ 0.20	\$ 0.60	\$ 3.60	
over 85	\$ 2.80	\$ 0.20	\$ 0.40	\$ 3.40	

Smoky Lake Forest Nursery

0-35000 gjs	\$ 2.80	\$ 0.20	\$ 0.80	\$ 3.80	
35-85000 gjs	\$ 2.80	\$ 0.20	\$ 0.60	\$ 3.60	X
over 85	\$ 2.80	\$ 0.20	\$ 0.40	\$ 3.40	

Tremel	\$ 2.80	\$ 0.20	\$ 0.78	\$ 3.78	
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Domestic riser service charge \$ 25.00 / riser

Fixed charge	\$ 1.90
Systems capital	\$ 0.40

Commercial riser service charge \$ 60.00 / riser

Town of Smoky Lake	\$ 2.80	\$ 0.20	\$ 0.12	\$ 3.12	
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INTERIM REPORT

FISCAL YEAR 2021 – QUARTER 3

For the nine months ended March 31, 2021



MESSAGE FROM THE PRESIDENT & CEO:

The 3rd Quarter of Fiscal Year 2021 was certainly memorable. The Polar Vortex in early February brought record cold to many parts of Alberta which put a strain on our shareholders' distribution systems. On February 9th, Intra Alberta natural gas demand hit an all-time high of 7.7 Bcf which caused the AECO Daily Index price to trade as high as \$10.00/GJ that week. Gas Alberta sold over 5 million GJs in February, which is the third highest sales month on record. We greatly appreciate the efforts put forth by our shareholders to maintain reliable supply to end-use consumers during this challenging time.

The Q3 highlight for me was our annual Strategic Planning Session with the Gas Alberta management team and Board of Directors. We spent 1.5 days at the virtual session, working on the long-term vision and strategy for Gas Alberta to ensure that we continue to provide sustainable value to our shareholders going forward.

Another recent highlight was our meeting with the Managers' Advisory Committee (MAC) whose members have extensive knowledge and experience in utility operations. We had the opportunity to update the MAC on the operational components of the Variable Rate and to provide forecasts for our year end results. It was a great opportunity for the management team to receive feedback from the MAC and to discuss potential changes and improvements.

As you will see in this Interim Report, Gas Alberta's financials remain strong and our over-recovery balance is still intact. We are working hard every day to ensure it stays that way. I am hopeful that we are closing in on the final stages of this pandemic and that we can once again meet with you all in person. Please take care of yourselves, thank you.



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 consolidated financial statements for the year ended June 30, 2020.

INCOME STATEMENT

Natural Gas Sales, Revenues and Rates

		<u>2021</u>	<u>2020</u>	<u>Incr (Decr)</u>
Quarter ended March 31				
Revenues from customers	(Millions)	\$37.8	\$26.9	\$10.9
Natural gas sales to customers	(PJs) ¹	12.6	13.3	(0.7)
Billing rates (weighted average) ²		\$3.20/GJ	\$2.24/GJ	\$0.96/GJ
YTD ended March 31				
Revenues from customers	(Millions)	\$73.4	\$58.1	\$15.3
Natural gas sales to customers	(PJs)	26.3	28.2	(1.9)
Billing rates (weighted average)		\$2.99/GJ	\$2.28/GJ	\$0.71/GJ

Revenue from shareholder customers for the quarter ended March 31, 2021 was \$37.8 million, or \$10.9 million (40.5%) higher than the same quarter last year mainly due to higher average billing rates. YTD revenues were \$73.4 million, or \$15.3 million (26%) higher than the same period last year, reflecting an increase of \$0.71/GJ (31%) in average billing rates for the current versus prior period.

Unrealized decrease in derivatives was (\$4,411,079) for the nine months YTD due to the change in the mark-to-market (MTM) value of financial derivatives from June 30, 2020 to March 31, 2021. Financial derivatives are comprised of financial options, financial swaps, financial exchanges, financial basis and currency exposure.

Net marketing income generated by Gas Alberta Inc.'s subsidiary and marketing venture (note 1) was \$294,289 for the current quarter and

\$441,314 YTD. Marketing income partially offsets the Company's general and administrative expenses.

Operation costs for the nine months ended March 31, 2021 were \$3,402,227, or \$173,395 (5%) higher than the same period last year, mainly due to higher funding requirements for emergency supplies and outages and higher delivery costs, partially offset by lower meter station payments and lower Odorant Program costs.

Corporate expenses for the YTD ended March 31, 2021 were \$2,681,239, or \$195,574 (7%) lower than the same period last year, mainly due to lower office and travel expenses related to the COVID-19 pandemic in the current year and higher Director fees relating to CEO transition requirements in the previous year.

Net income for the nine months ended March 31, 2021 was nil which is normal as the Company operates on a non-profit basis (note 2).

BALANCE SHEET

Trade and other receivables of \$24,260,128 at March 31, 2021 (\$10,395,565 at June 30, 2020) were mainly natural gas billings to shareholder customers, receivables from counterparties for hedging activities and the Company's proportionate interest in accounts receivable of its marketing venture. The balance at March 31, 2021 reflects higher seasonal sales to customers in the winter (note 4) and greater hedging activities in the month of March 2021 as compared to June 2020.

Derivative assets of \$1,175,557 at March 31, 2021 were the MTM estimate of financial derivatives outstanding at the balance sheet date and are included in refundable natural gas costs, as shown below. The objective of our financial hedging program is to generate gains and assist in managing gas price volatility (note 3).

¹ 1 PJ = 1,000,000 GJs

² Billing rates are designed to recover natural gas costs and variable expenses.



Providing a reliable and economical supply of natural gas to Albertans

Natural gas held in storage was \$484,272 at March 31, 2021 (\$1,443,528 at June 30, 2020). Gas storage includes injection costs, storage operator fees and financing fees.

Refundable natural gas costs are the amount owing to customers due to the variance between amounts billed to customers and the related gas costs as shown below:

As at	March 31/21	June 30/20
Refundable realized balance, end of period	3,570,296	(66,269)
Unrealized financial derivative assets (MTM value)	1,175,557	5,586,636
Deferral of net gain on closed financial derivatives	(1,504,150)	(1,933,869)
Net refundable natural gas costs, end of period	3,241,703	3,586,498

The realized portion of refundable gas costs is the difference between actual billings to customers and related gas costs as at March 31, 2021. This balance, which is forecast to be lower at June 30, 2021 due to future losses on physical purchases, will be reviewed by our Board at year-end to determine if a gas cost refund for the fiscal year will be issued to customers. The adjustments for derivatives noted above are MTM estimates for financial contracts outstanding at March 31, 2021 and gains/losses related to closed financial contracts that are being deferred to future periods (note 3).

Refundable variable costs of \$686,510 at March 31, 2021 (refundable balance of \$42,686 at June 30, 2020) is the cumulative difference between variable revenues at the annual rate of \$0.20/GJ versus the Company's operation costs and corporate expenses. Throughout the year, 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).

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:

	FY 2021 YTD	FY 2020
Pipeline Funding Program, beginning of FY	3,614,630	4,519,920
Projects funded during the FY	-	(929,821)
Grant recoveries related to projects funded	9,971	-
Consulting fees	(20,523)	(70,559)
Interest income allocated to Program	52,195	95,090
Pipeline Funding Program, end of period	3,656,273	3,614,630

CONSOLIDATED BALANCE SHEET

As at		March 31, 2021	June 30, 2020
ASSETS	Note	(Unaudited)	(Audited)
Current Assets			
Cash and cash equivalents		\$4,005,563	\$7,467,078
Commodity account		2,222,895	2,496,690
Trade and other receivables		24,260,128	10,395,565
Derivative assets	3	1,175,557	5,586,636
Natural gas held in storage		484,272	1,443,528
Prepaid expenses and other current assets		1,823,787	1,237,638
		33,972,202	28,627,135
Non-current Assets			
Capital assets		128,271	146,638
Other non-current assets		246,664	168,677
		374,935	315,315
Total Assets		34,347,137	28,942,450
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		20,239,302	15,229,896
Customer prepayments		1,438,157	1,058,915
Refundable natural gas costs	2	3,241,704	3,586,497
Refundable variable costs	2	686,510	368,304
Pipeline Funding Program		3,656,273	3,614,630
		29,261,946	23,858,242
Subordinated debentures		3,490,000	3,490,000
Shareholders' equity			
Share capital		32,537	31,554
Retained earnings	2	1,562,654	1,562,654
		1,595,191	1,594,208
Total Liabilities and Shareholders' Equity		34,347,137	28,942,450

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

(Unaudited)	Note	Three months ended		Nine months ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
REVENUES					
Sales to shareholder customers	4	\$39,713,760	\$28,686,047	\$78,980,949	\$63,420,624
Unrealized increase (decrease) on derivatives	3	(1,553,584)	1,298,362	(4,411,079)	1,569,044
Marketing revenue	1	18,327,116	12,545,974	41,573,689	30,451,513
Other revenue		(194)	8,898	(277)	19,717
		56,487,098	42,539,281	116,143,282	95,460,898
COSTS AND EXPENSES					
Cost of natural gas sold					
Gas sold to shareholder customers		36,608,198	28,430,392	69,620,830	60,064,154
Marketing gas costs	1	17,763,106	12,059,271	40,438,987	29,291,098
		54,371,304	40,489,663	110,059,817	89,355,252
Operation costs					
Natural gas delivery costs		659,313	548,180	1,712,936	1,420,674
Meter station operations		463,586	431,902	1,689,291	1,808,158
		1,122,899	980,082	3,402,227	3,228,832
Corporate expenses					
Salaries and benefits		396,543	344,915	996,997	883,333
External services		108,050	206,263	378,366	452,387
Directors' fees and expenses		83,017	116,564	223,814	348,988
Office and general expenses		126,582	140,083	393,316	533,586
		714,192	807,825	1,962,493	2,218,294
Other expenses					
Marketing expenses	1	269,722	248,289	693,389	621,864
Depreciation and amortization		8,981	13,422	25,356	36,654
		278,703	261,711	718,745	658,518
Total costs and expenses		56,487,098	42,539,281	116,143,282	95,460,898
Net income		\$-	\$-	\$-	\$-
Retained earnings, beginning of period		1,562,654	1,562,654	1,562,654	1,562,654
Retained earnings, end of period		1,562,654	1,562,654	1,562,654	1,562,654

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)	Three months ended		Nine months ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
OPERATING ACTIVITIES				
Net income	\$-	\$-	\$-	\$-
Non-cash items:				
Depreciation of capital assets	8,981	\$12,255	25,356	36,217
Amortization of other assets	68,174	64,212	216,761	330,612
Unrealized (increase) decrease on derivatives	1,553,584	(1,298,362)	4,411,079	1,926,367
	1,630,739	(1,221,895)	4,653,196	2,793,196
Changes in non-cash working capital	(877,354)	7,356,572	(8,221,989)	(4,402,978)
Cash from (used in) operating activities	753,385	6,134,677	(3,568,793)	11,552,040
INVESTING ACTIVITIES				
Acquisition of capital assets	(7,230)	(2,490)	(12,030)	(10,986)
Commodity account	886,706	1,277,628	273,795	2,043,178
Change in other non-current assets	7,774	-	(155,470)	-
Cash from investing activities	887,250	1,275,138	106,295	2,032,192
FINANCING ACTIVITIES				
(Decrease) in bank loans	(417,399)	-	-	-
Redemption of Class A shares	-	-	983	971
Cash from (used in) financing activities	(417,399)	-	983	971
Change in cash and equivalents	1,223,236	7,409,815	(3,461,515)	(3,769,036)
Cash and equivalents, start of year	2,782,327	1,927,825	7,467,078	13,106,676
Cash and equivalents, end of year	4,005,563	9,337,640	4,005,563	9,337,640

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 (MTM) 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 Dubrule Terry Holmes

CORPORATE OFFICERS

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

BANKERS

ATB Financial
Calgary, Alberta

LEGAL COUNSEL

Norton Rose Fulbright Canada LLP
Calgary, Alberta

CORPORATE SECRETARY

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

AUDITOR

PricewaterhouseCoopers LLP
Calgary, Alberta
Courtney Kolla, Partner

CORPORATE OFFICE

350, 2618 Hopewell Place NE
Calgary, Alberta T1Y 7J7

Telephone: 403-509-2600
Toll Free: 1-877-509-7258
Facsimile: 403-509-2611
www.gasalberta.com

ANNUAL MEETING

November 29, 2021 at 5:00 p.m.
Radisson Hotel, Edmonton South
Edmonton, Alberta

Daniel Moric

From: Gene Sobolewski
Sent: June 7, 2021 5:14 PM
To: Brenda Adamson; Daniel Moric
Cc: Lydia Cielin; Patti Priest
Subject: [REDACTED] Property Consumption History
Attachments: Apr 2013 - Apr 2021 Chart.pdf

Folks,

Big thanks to Brenda and her team to provide the data for me, the consumption data is quite telling.

I am concluding that the tenant, [REDACTED], was not exactly telling me the truth about the situation. I asked her point blank, at her insistence she requested the gas to be shut off in April of 2020, why nothing was done about the accrual of the bills to 2021.

When I look at the actual gas consumption (usage), the consumption plot shows that gas was used in a similar fashion over the winter months, albeit, at a lower rate. The curves are relatively similar over the winter months for the past 8 years.

I think this needs to be discussed with Council, as I am not prepared to recommend any relaxation of the amounts owed, unless someone was squatting on the property – in which case other authorities would likely have been notified.

From: [REDACTED]
Sent: April 26, 2021 8:39 AM
To: Daniel Moric <dmoric@smokylakecounty.ab.ca>; [REDACTED]
Subject: RE: Smoky Lake County Natural Gas- Current Bill

Good Morning Daniel...
I have moved out of [REDACTED] farm. I would like to get the gas bill paid and need the bill to be corrected. The gas was turned off in April 20 [REDACTED] spoke on the phone about a month ago that you were going to investigate a leak and get back to us. You have not done that. There were 2 [REDACTED] identified then. Please adjust bill and get to me asap so that I can move forward with getting it paid thank you [REDACTED]

As noted above, [REDACTED] had indicated that she moved out per her email on April 26, 2021. The plot shows that the gas was not turned off, in fact, it was consumed as opposed to “leaking”. Daniel confirmed that the two people whom came were on a locate in the area (across the road) and not for her issue.

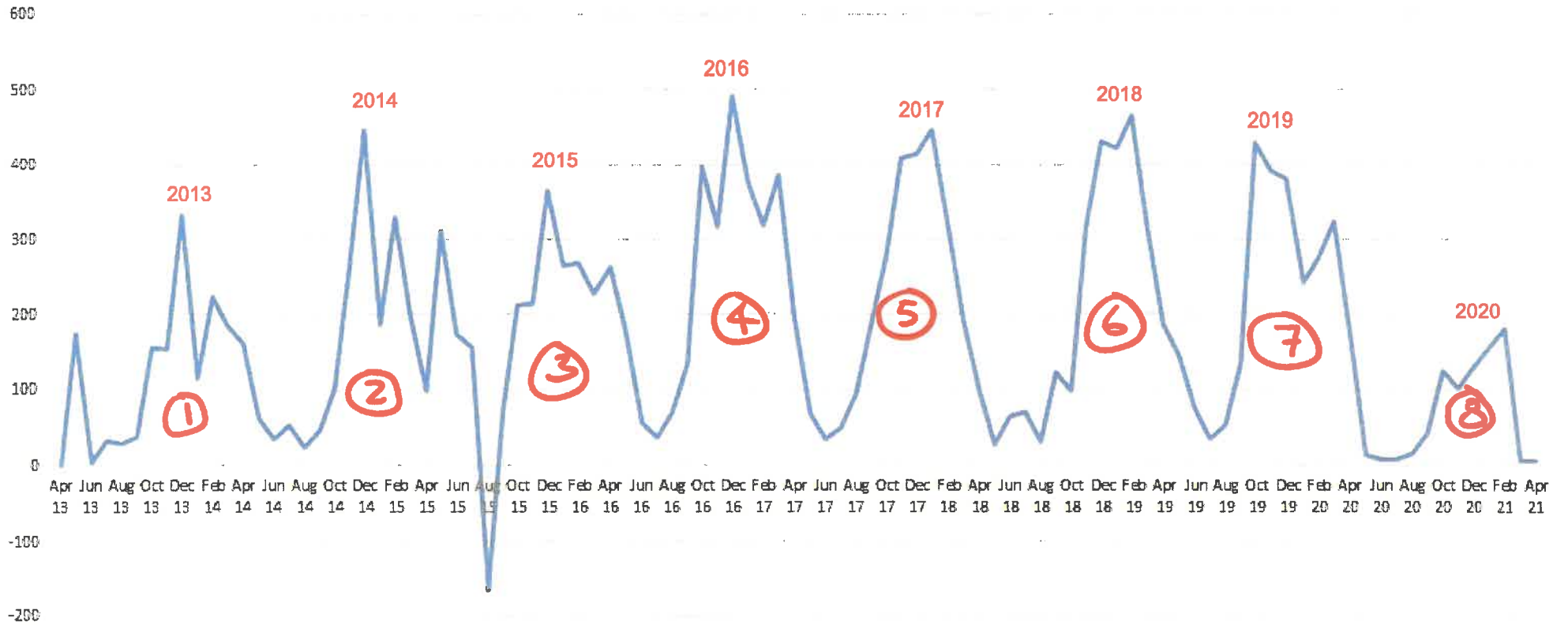
We are going to need to bring this information forward to our Council for their information as a followup to the original discussions and the subsequent assertions/discussion I had with Mandy.

Gene



Gene Sobolewski, C.E.T.,
Chief Administrative Officer
p: 780-656-3730 or toll free 1-888-656-3730
c: 780-207-1884
4612 - McDougall Drive, PO Box 310
Smoky Lake, Alberta, T0A 3C0

ANNUAL CONSUMPTION DATA



Daniel Moric

From: Kevin Ouderkirk <KOuderkirk@steannegas.com>
Sent: May 27, 2021 12:51 PM
To: Kevin Ouderkirk
Subject: Ride For Legends
Attachments: Ride For Legends draft.docx

Hello, I hope everyone is doing well and we are looking forward to getting back to normal.

This is just a quick reminder that Len will be starting his ride in the next few weeks and the MAC would like to encourage everyone to support this **Managers Group** initiative in any way you can. There is a link on the attached letter showing Len's route and if he is going through your area please get out and support him.

Our target is an ambitious \$250,000 but with everyone's support I believe we can reach it. Please reach out to your Boards, staff, contractors, and your utility to support this very worthwhile charity.

Kind Regards,



Kevin Ouderkirk | Chief Executive Officer
Chairman - Managers Advisory Committee

T: [780-967-2246](tel:780-967-2246) | M: [780-777-6975](tel:780-777-6975)

E: kouderkirk@steannegas.com | W: <http://steannegas.com>



This email including all attachments is considered confidential; any redistribution or copying of this message is prohibited.



The Managers Group of Alberta Gas Co-op's,
together with Gas AB. Inc. and the Federation is proud to announce:



“Ride for Legends”

Beginning June 21, 2021

This unique event is in support of the Kids with Cancer Society of Edmonton. The KWCS provides more than 50 programs and services that address their unique and complex needs ranging from family programs and activities, counselling services, and financial and educational support. KWCS also helps bereaved families and childhood cancer survivors as well.

You can give with confidence knowing your donation will go towards hope and healing for so many little ones. This organization is small but strong and provides so much! No child should fight cancer alone.

We might not be able to take cancer away from a child, but what we can do is make their journey a little easier. Papa Ken Webb

The bicycle ride will commence June 21, 2021, from Kehewin Cree Nation where Len Spratt, our solo cyclist, manages the gas utility. The event will conclude at SANG Co-op, June 29, 2021.

Len's route: <https://maps.app.goo.gl/Mt5xcAW25aUvi6EP9>

Donations may be made:

- Online at: <https://kwc.akaraisin.com/ui/rideforthelegends>
- If you are a supporter of the United Way, you may request your support be directed to the KWCS.

NORA'S STORY

“In November of 2017, our lives were turned upside down when our six-year-old daughter Nora, was diagnosed with T-cell Lymphoblastic Lymphoma. Nora went from the happy, energetic life of a first grader to a life of hospital stays, daily medications, and chemotherapy overnight. She had to endure so much in a short period of time, including 43 rounds of chemotherapy, IVAD surgery, numerous blood transfusions, and many invasive tests and procedures. Throughout it all the Kids with Cancer Society has been a constant support and provides some degree of normalcy during this life changing journey. From amazing family events to financial and school support, they have helped us feel like we are not alone. Nora's Beaded Journey is already twice as tall as she is and still growing. Her beads are a way she can share everything she has been through but cannot quite explain. Nora continues to go through treatment but has been able to return to many of the things she loves such as swimming and gymnastics. Nora is an amazing and strong girl who, even at this young age, is passionate about helping other kids and giving back to the Kids with Cancer Society.”

Daniel Moric

From: Kevin Ouderkirk <KOuderkirk@steannegas.com>
Sent: June 4, 2021 11:01 AM
To: Kevin Ouderkirk
Cc: Len Spratt (lenspratt@aol.com); Val Figliuzzi; Tom Kee; Paul Dunsmore
Subject: Managers Group "Ride For Legends"
Attachments: Lens Update KWCS.docx

Good morning everyone,

I would like to pass along a letter from Len Spratt, Chair of Gas AB regarding his upcoming ride in support of the Kids With Cancer Society.

The letter is addressed to your Chairs, Chiefs, Reeves and Mayors so I would ask that you make sure to pass this along to them.

On behalf of the Managers Group I want to thank Len for continuing to do this ride supporting the amazing kids, their families, and staff at KWCS.

All of them are "Legends" in their own right and any support you can provide will be greatly appreciated.

Kind Regards,



Kevin Ouderkirk | Chief Executive Officer
Chairman - Managers Advisory Committee

T: [780-967-2246](tel:780-967-2246) | M: [780-777-6975](tel:780-777-6975)

E: kouderkirk@steannegas.com | W: <http://steannegas.com>



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To the Chairs, Chiefs, Mayors, and Reeves.

Managers Group “Ride For Legends” in support of the Kids With Cancer Society.

Hello to all and welcome to summer. Several Boards and Managers have embraced our charity ride for the Kids with Cancer Society already this year and I thought that I might send out a quick note of thanks and an update.

I've been riding the wheels off the bike for several months now and I know that I am ready to get on with it come rain or shine. With your generous support, we will make a huge difference in the lives of Kids with Cancer and their families.

As you are aware, I will begin my bicycle ride on June 21st from Kehewin Alberta and I am very pleased to have the company of Louis Genest from the County of Vermillion River Gas Utility as my riding partner for the first day. Together we will ride 160 kms from Kehewin through Bonnyville and North East Gas then onwards to Kitscoty and the County of Vermillion River; these utilities are long term supporters of the Kids. I'm hurting already just thinking about the saddle time. On Tuesday I will ride from Kitscoty to Wainwright where I will be met by Mark Hughes and his team and hopefully the Town folks. After a brief stop and a presentation from Phoenix Gas, who are always behind me for the Kids, I will continue to Consort, and I hope that the winds are favourable because the total distance for that day is a nasty 191 kms. I believe that Jack Goodall will ride his motorcycle out earlier in the day and check up on me prior to arriving in Wainwright.

Day three will be 168 kms through Hanna and ending in Drumheller. I better leave at 5 AM and beat the wind. On Thursday, the 24th I have a Board meeting that will take place on the telephone until 1:30 and then I get back to work on my way to Airdrie and further to Madden (a distance of 130 kms). Carol Callaghan and a few other managers will meet me to offer their utilities support for which I am very grateful as its always nice to see smiling faces along the route and know that they are joining our efforts to make a difference for Alberta children with Cancer. As you can imagine, it gets a little difficult logging the miles, but I always think that what I am doing and the support that you and your teams afford the Kids, and their families is so beneficial, so I am able to keep pushing.

Friday the 25th I will be joined by Paul Dunsmore President, Randy O'Hara, Mike Kardash all of Gas Alberta Inc. and Crae Garrett our previous Corporate Council, for a group ride to Sundre. Prior to leaving Madden, we will be joined by John Fordham, manager of Cochrane Lake Gas Co-op who is representing their team and making a presentation for the Kids. I think that I better bring a small BBQ for hot dogs in Sundre after the ride. I think Mike Kardash will take care of the refreshments.

I plan on riding onwards after our lunch but I'm pretty sure that the others will call it a day. I am so grateful that they would support the Kids and join me for a beautiful ride to Sundre. At some point I will pack it in, and my partner Donna Osborne will drive me home to Pigeon Lake for a couple of days down time.

On Monday the 28th, we will drive back to my last stop point North of Sundre and get back after it as I have been advised that GLDC will be having a BBQ and I'm invited! Darren called me today to confirm our arrival time and to check on my food request. I told him I could eat the leg off a cow after I ride so a burger, or a chicken breast would be much appreciated. Thanks to Don and his team along with the Board for their support for the Kids. I will then travel to Pigeon Lake and finish the day at Buck Mountain Gas where Barry Bender and his team will make a presentation and send me home with Donna.

Tuesday June 29th is my last day on the bike for you and the Kids this year. I will have lots of support on the 29th as I will leave Warburg early and ride with Michelle Gallagher; fellow Director at GAI and Chair West Parkland Gas plus Tom Kee Fed Gas President. We will ride to Stony Plain to be met by Brock Polasek and team at West Parkland for their generous support prior to moving forward to Ste. Anne Gas in Onoway.

For that last leg from Stony Plain to Onoway, we will be joined by Denis Debrule, fellow Director at GAI and Director West Parkland, along with Jacqueline Draker of the Kids with Cancer Society and special guest LADIES from SANG Co-op meeting us along the route to drag us into Onoway. I have also been advised that the SANG team are holding a fund raiser event with the Kids with Cancer Team and special guests to celebrate the finish of our journey.

Now that you know the route I would be honoured if at any time along the way that you might drop in at a stop or just drive up and say hello. I'm always happy to stop and get a rest and meet great people like yourselves and your fellow Directors.

If you haven't yet decided if you are able to support the ride I will just say that I know of the generosity of you and your teams and I also know that you receive many requests for support of various worthwhile charities so if you have the ability to join with us in making this years Managers Group "Ride For Legends" a success we would be so appreciative.

Just a reminder that I am paying all expenses for the ride so any donation that you make will go directly and in full as it was last year to the **Kids With Cancer Society** and the Kids and families in need.

Thank you all for your kind consideration.

Warm regards and stay safe.

Len Spratt Chair GAI.
Bike rider guy.

Daniel Moric

From: Kevin Crush <kcrush@fedgas.com>
Sent: May 31, 2021 8:16 AM
To: Kevin Crush
Subject: COVID-19 Return to Work and Vaccinations
Attachments: COVID Vaccinations Letter.pdf

To All Federation Members:

A number of questions have come up in regard to return to work guidelines and vaccinations. A letter is attached to this email to examine the issues that have been presented to the Federation.

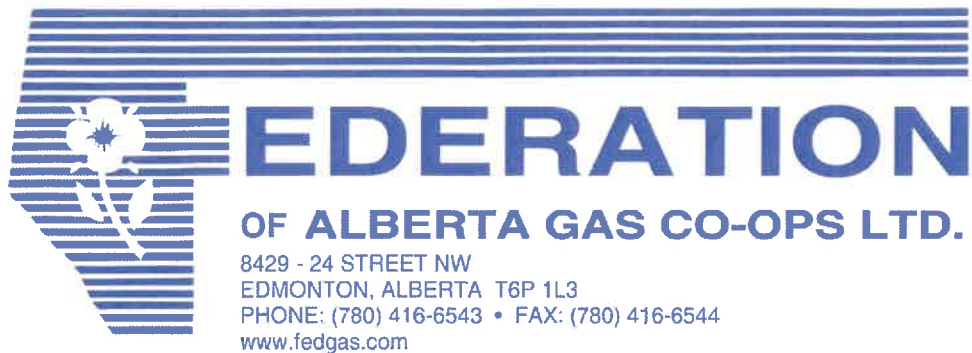
Thank you,



Kevin Crush
Corporate Services Manager
Federation of Alberta Gas Co-ops Ltd.
O:780-416-6543 | D:780-416-6535
www.fedgas.com



8429 24 Street NW, Edmonton, AB T6P 1L3
~Ensuring Successful Co-operative and Community Utilities~



May 31, 2021

Distributed by Email

Re: COVID-19 Vaccination Policy Issues

The Federation of Alberta Gas Co-ops Ltd. has fielded questions from a number of utilities regarding the lifting of provincial work-from-home guidelines and vaccination policies. We have consulted with legal on these issues.

Under s.38 of the Public Health Act (Alberta), the Government of Alberta has the power to order “the immunization or re-immunization of persons when there is a public health emergency or epidemic”. To date, this power has never been used in Alberta and while the current COVID-19 pandemic arguably meets the criteria for such an order, the Government of Alberta has stated that COVID-19 vaccinations will not be mandatory in Alberta. This is a strong public policy statement against mandatory vaccinations.

In addition to current government policy, Canadian law has long recognized that the human body ought to be protected from interference by others. The Canadian Charter of Rights and Freedoms provides Canadians with protections over “life, liberty, and security of the person”. The underlying Canadian common law makes any medical procedure carried out on a person without that person’s consent a battery which allows that person to bring an action if battery occurs.

The distribution of COVID-19 vaccines to contain the virus by vaccination gives employers an important tool in normalizing and keeping work environments safe. However, whether due to the growing movement against vaccinations, concerns over the safety of a vaccine perceived to have been rushed into production, or legitimate health issues preventing people from safely taking the vaccine, it may be difficult for an employer to achieve a 100% vaccination rate.

Requiring vaccination or proof of vaccination against COVID-19 is a tool that an employer may consider. There are, however, complexities to be evaluated before implementing such a policy. While the benefit of having a totally vaccinated staff is clear, the ability of an employer to require employees to vaccinate or provide proof of vaccination depends on a variety of factors. Establishing a broad policy could put an employer in jeopardy of breaching the Human Rights Act (Alberta).

The following is an analysis of the issues faced by employers trying to balance OH&S worker safety issues with the rights afforded to workers by the Alberta Human Rights Act (AHRA).

Employer’s COVID-19 Obligations:

The Occupational Health & Safety Act (Alberta) (OH&S) requires employers to do everything they reasonably can to protect the health and safety of their employees. In the context of COVID-19, this means employers must follow all public health orders, such as mask wearing, work distancing and other prescribed

sanitation practices. Employers must also implement workplace practices that limit the risk of exposure and spread of the virus to employees and members of the public attending at the employer's premises. In this respect, requiring that all employees be vaccinated against COVID-19 is arguably prudent and allowable.

However, it is unlikely that an employer could make vaccination or proof of vaccination against COVID-19 a condition of employment for existing or even new employees because the AHRA prohibits discrimination against any person on the basis of any enumerated ground defined in the AHRA and the Charter generally protects an employee's rights of non-interference of the person's body. The main enumerated grounds that are likely to apply to protect workers are religion, physical disability or mental disability. Therefore, the AHRA makes enforcing public health directives in the employment context very difficult and would make mandatory vaccinations even more difficult because vaccination currently is a "personal choice" supported by Government policy.

It appears that the current test of whether an employer could mandate vaccinations is that an employer would have to show that it is impossible for an employer to allow employees to perform their duties without vaccination. From a review of member work circumstances or environments, it would be virtually impossible for an employer to demonstrate such impossibility.

Despite an employer being able to demonstrate that vaccinations are prudent, an employer can not simply implement a broad policy by which vaccination is mandatory and a worker would simply be terminated for noncompliance. This is because Human Rights legislation mandates that an employer has a duty to accommodate an employee to the point of undue hardship, or otherwise prove that vaccination is a bona fide and essential occupational requirement.

In summary, workers are "protected" from being legally required to be vaccinated by specific grounds in Human Rights legislation and can practically assert a right to make individual decisions about vaccinations based upon their own judgment of "what is right for them".

In circumstances where an employer implements a mandatory vaccinations policy, it would be prudent for the employer to provide enumerated exceptions to vaccination so that the policy does not run afoul of Human Rights legislation or a worker's basic human rights of choice that are established by the Charter. In circumstances where a worker asserts a right to remain unvaccinated, the employer will very likely be required to accommodate the worker. The accommodation could include having unvaccinated employees work from home or maintaining COVID-19 public health measures in the workplace for those unvaccinated employees such as physical distancing, mask wearing and other recognized sanitation practices. In circumstances where an employee would be required to attend an educational course, but the presenter of the course requires vaccination of attendees, an employer would need to exhaust practices that would accommodate the employee such as a delay in attending the course before considering termination. Practically, in today's hyper-sensitive social climate, if an employee challenged a termination based upon Human Rights or Charter grounds, it is likely that the employee would be successful. However, it is always a question of fact whether an employer has accommodated an employee and especially for members that have limited resources, the ability to accommodate may be very limited.

Conclusion:

The ability of an employer to require vaccination or proof of COVID-19 vaccination as a condition of employment is very limited in its application in almost all business or in the public service.

Generally, an employer cannot force a worker to accept a vaccination or to require proof of vaccination and must accommodate workers if, for personal or enumerated grounds, an employee refuses to abide by the vaccination policy.

We hope that this discussion provides appropriate guidelines for your utility if it intends upon implementing a mandatory vaccination policy so that all employees are physically brought back into the workplace.

Yours Truly,

A handwritten signature in cursive script, appearing to read "Tom Kee". The signature is written in black ink and is positioned above the printed name and title.

Tom Kee
Executive Director
Federation of Alberta Gas Co-ops Ltd.

Daniel Moric

From: Allison Zinnick <azinnick@fedgas.com>
Sent: June 2, 2021 2:49 PM
Subject: Members Meeting & FIRE AGM Zoom Link
Attachments: Agenda.doc; FIRE 2021 AGM Combined Package.pdf

To All Federation Members:

The Zoom link for the June 17 Federation Insurance Reciprocal Exchange (FIRE) Annual General Meeting, and for the June 2021 Federation Members Meeting is now available. As both meetings coincide, they will use the same link.

A reminder: The FIRE AGM has registered votes of one vote per utility. An email on how utilities should register for this vote was sent out earlier. This registration is for the FIRE AGM only; Registration is not required for the Members Meeting portion of the day.

Attached to this email is a tentative Members Meeting Agenda, and the meeting package for the FIRE AGM which was previously sent on May 21.

To join the Virtual Meeting:
Topic: FIRE AGM & FedGas Members Meeting
Time: Jun 17, 2021 09:00 AM Edmonton

<https://us02web.zoom.us/j/85809226807?pwd=MklwNVVoOdlJzTnZ6RUJMTDYyNXhiZz09>

Meeting ID: 858 0922 6807
Passcode: 870458

Dial by your location
+1 587 328 1099 Canada
855 703 8985 Canada Toll-free
Meeting ID: 858 0922 6807
Passcode: 870458

Thank you,



Allison Zinnick
Administrative Coordinator
Federation of Alberta Gas Co-ops Ltd.
M:780-416-6543 | D:780-416-6538
www.fedgas.com



8429 24 Street NW, Edmonton, AB T6P 1L3

~Ensuring Successful Co-operative and Community Utilities~

Agenda
Members Meeting
Virtual Meeting, Edmonton, AB
June 17, 2021

Zoom Link - <https://us02web.zoom.us/j/85809226807?pwd=MklwNVVo0dJzTnZ6RUJMTDYyNXhiZz09>

Meeting ID: 858 0922 6807

Passcode: 870458

Dial by your location

+1 587 328 1099 Canada

855 703 8985 Canada Toll-free

- 9:00 a.m. FIRE AGM – separate agenda
- 9:55 a.m. Call Meeting to Order
- 10:00 a.m. Federation Update
- 10:30 a.m. Gas Alberta Inc. Update
- 11:00 a.m. Canadian Gas Association Hydrogen Presentation
- 11:45 a.m. Federation SCADA Presentation
- 12:30 p.m. Adjournment



FedGas Insurance Reciprocal Exchange
2021 Annual General Meeting
Agenda

To: Federation Member Utilities
From: Bert Paulssen, Chairman
Date: Wednesday, June 17, 2021
Time: 9:00 a.m.
Place: Virtual

1.0 Call to Order – 9 a.m.

1.1. Approval of agenda

2.0 2019 Annual General Meeting Minutes

2.1. Approval of minutes

3.0 Presentation of the Audited Financial Statements for the Year Ending December 31, 2020

MOTION: To Approve the FedGas Insurance Reciprocal Exchange Audited Financial Statements for the Year Ending December 31, 2020.

4.0 Appointment of Auditor

MOTION: To Appoint an auditor for the FedGas Insurance Reciprocal Exchange for the period of January 1, 2021 to December 31, 2021.

**The Board recommends the current auditor, Metrix Group LLP*

5.0 FedGas Insurance Reciprocal Exchange Report

MOTION: To Accept the FedGas Insurance Reciprocal Exchange Business Activities Report for the fiscal year ending December 31, 2020.

6.0 Adjournment

FEDERATION INSURANCE RECIPROCAL EXCHANGE 2020 ANNUAL GENERAL MEETING MINUTES

**Wednesday, November 25, 2020
Virtual Zoom Meeting**

1.0 Call to Order

The meeting was called to order by Chair Bert Paulssen at 10:11 a.m.

B. Paulssen MOVED to appoint Tom Kee as Chair for the balance of meeting; CARRIED

Tom Kee appointed as Chairman as he is in the room with the parliamentarian, Ray Purdy.

1.0 Approval of agenda

Jack Goodall, Village of Chauvin/Dan Tompkins, West Parkland Gas Co-op MOVED to approve the agenda as presented; CARRIED

2.0 Approval of 2019 Minutes

Robert Tinant, Crossroads Gas Co-op/Lloyd Prefontaine, Lac La Biche District Natural Gas Co-op MOVED to approve the Minutes of the 2019 Annual General Meeting held on June 19, 2019 as circulated; CARRIED

Discussion: None

3.0 Presentation of the Audited Financial Statements for the Year Ending December 31, 2019

The Audited Financial Statements were circulated to all attendees. Phil Dirks of Metrix LLP provided an overview of the Audited Financial Statements. The statement provided an accurate representation of the year ending December 31, 2019 and were completed in accordance with International Financial Reporting Standards. An overview was provided of variances between the previous and current statements. Financial guidelines now carry more information on how risk is assessed and how that risk is responded to.

The audit went well with thanks to the Aon staff and Louise Fung. The Independent Auditors' Report outlines the responsibilities of Management and Board. It talks about the objective of the audit, whether statements are free of material misstatement.

The Statement of Financial Position shows a strong subscribers' surplus. The Statement of Comprehensive Income was reviewed. There was no change in the premium pricing. The investment income showed more funds invested with higher interest. The higher professional fees were from the actuarial report.

Glen Moore, East Smoky Gas Co-op/Walter Reimer, Rockyview Gas Co-op MOVED to approve the Federation Insurance Reciprocal Exchange Audited Financial Statements for the Year Ending December 31, 2019, as presented.

The floor was opened for discussion and clarification. It was asked what makes up the management fees. The Management fees are the fees paid to Aon to administer FIRE. The question was asked in regard to the fair market value of the financial assets. The assets were termed in 2018 and finished in 2019. They were made up of principal protected notes and no GIC's.

Polls open; Motion CARRIED

4.0 Appointment of Auditors

Maurice Lemay, Birch Hills Gas Co-op/Jacob Middlekamp, Coronado Gas Co-op MOVED to appoint Metrix Group LLP as the auditor for the Federation Insurance Reciprocal Exchange for the financial year ending December 31, 2020.

Discussion – none.

Polls Open; Motion CARRIED

5.0 Federation Insurance Reciprocal Exchange Report

Brad Steel, Attorney-in-Fact of the Reciprocal and Mallory Gray, Account Executive presented FIRE report to membership. An on-screen presentation was provided with updates on the following;

1. Setting the Stage
2. Insurance Renewal
3. Losses/Claims
4. Board Initiatives
5. Reciprocal Fund Update
6. Risk Management and Insurance Information

In 2019 insurance carriers did not fair well. In 2020 and 2021 the insurers plan to move to profitability which impacted all lines of insurance with a 25% rate increase for many. The FIRE premium increases were much lower. Climate change with storms and forest fires may bring additional deductibles. Insurers are insisting on their own policy wordings.

Work with AON to plan and prepare early for what are you prepared to do without. Insurers require quality and on time information. FIRE's Insurance renewal overall showed minimal increases. The property aggregate was increased from \$150,000 to \$200,000 while showing a 1% decrease in fees overall.

Losses/Claims are higher than usual under property. One of the newest factors is the theft of solar panels. General Liability claims show a \$2800 in expenses for loss of gas. Auto Liability has no third-party auto claims. The large claim in 2015-16 has been closed.

The Board authorized an Actuarial study which saved over \$100,000 in premium. The Board covered payment of 90% of rates increases which provided \$200,000 in savings to membership.

Reciprocal Fund now sits at \$2,551,000.

Insurance and Risk Management includes a review of the installation of solar panels, moving the panels up higher and reinforcing the framing.

Thanks were given to members for completing and reviewing statement of values.

Covid-19 was declared a public emergency by the Province. FIRE and membership were asked to follow all Covid-19 protocols. At this point in time no decision by tribunals in Europe and the US, as far as Covid claims.

No Questions.

Rob Olsen, Town of Redwater Gas Utility/ Jack Goodall, Village of Chauvin MOVED to accept the Federation Insurance Reciprocal Exchange Business Activities Report for the fiscal year ending December 31, 2019.

Polls Open: Motion CARRIED

6.0 Adjournment

Jacob Middlecamp, Coronado Gas Co-op/Rob Olsen, Town of Redwater Gas Utility MOVED Rob Olsen the meeting be adjourned; CARRIED

The meeting was adjourned at 11:06 a.m.

Bert Paulssen, Chairman

Minutes recorded by:

Lois Westacott

Federation of Alberta Gas Co-ops Ltd.

Jack Goodall, Vice-Chairman

Financial Statements of

FedGas Insurance Reciprocal Exchange

Year ended December 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Subscribers of FedGas Insurance Reciprocal Exchange

The management of FedGas Insurance Reciprocal Exchange prepared these financial statements and is responsible for their reliability, completeness and integrity. They conform in all material respects to International Financial Reporting Standards.

Management maintains the necessary accounting and internal control systems designed to ensure: the timely production of reliable and accurate financial information, the protection of assets (to a reasonable extent) against loss or unauthorized use, and the promotion of operational efficiency. The Board of Directors oversees management's responsibilities for the financial reporting and internal control systems.

The auditors, appointed by the subscribers, conducted an audit of these financial statements in accordance with Canadian generally accepted auditing standards. The Attorney in Fact reviewed these financial statements with the auditors in detail before recommending their approval to the Board of Directors.

Edmonton, Alberta
February 17, 2021

DocuSigned by:

Bert Paulssen

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DocuSigned by:

J. Gordon

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DocuSigned by:

[Signature]

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INDEPENDENT AUDITORS' REPORT

To the Subscribers of FedGas Insurance Reciprocal Exchange:

Opinion

We have audited the financial statements of FedGas Insurance Reciprocal Exchange (the Exchange), which comprise the statement of financial position as at December 31, 2020, and the statements of comprehensive income, changes in subscribers' surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Exchange as at December 31, 2020, and the results of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Exchange in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Exchange's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Exchange or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Exchange's financial reporting process.



Independent Auditors' Report (continued)

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Exchange's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Exchange's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Exchange to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

METRIX GROUP LLP

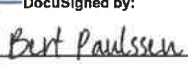
Chartered Professional Accountants

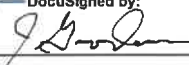
Edmonton, Alberta
February 17, 2021

FedGas Insurance Reciprocal Exchange
Statement of Financial Position
As at December 31, 2020 and December 31, 2019

	2020	2019
Assets		
Cash (Notes 4, 7)	\$ 744,586	\$ 822,035
Investments (Notes 4, 7)	3,104,250	3,113,275
Insurance balances receivable	77,877	46,280
Prepaid expenses (Note 8)	153,138	238,460
Accrued investment income	18,354	19,011
Deferred acquisition costs	16,969	15,471
	\$ 4,115,174	\$ 4,254,532
Liabilities and Subscribers' Surplus		
Trades pending settlement	\$ -	\$ 200,000
Accounts payable and accrued liabilities	301,315	32,700
Premium taxes payable	22,629	20,645
Provision for unpaid claims and loss adjustment expenses (Notes 5(b) and 5 (c))	399,853	367,971
Claims payable	16,082	115,826
Unearned premiums (Note 5(a))	424,289	386,789
	1,164,168	1,123,931
Subscribers' surplus:		
Contributed surplus	1,200,019	1,200,019
Accumulated other comprehensive income	21,842	30,866
Surplus	1,729,145	1,899,716
	2,951,006	3,130,601
	\$ 4,115,174	\$ 4,254,532

Approved on behalf of the Board of Directors:

DocuSigned by:

 Director EC5F9E85C224489...

DocuSigned by:

 Director BEAECB7DE4844DF...

DocuSigned by:

 Attorney in Fact 75FD1937E0DE41E...

The accompanying notes are an integral part of these financial statements.

FedGas Insurance Reciprocal Exchange
Statement of Comprehensive Income
Years ended December 31, 2020 and December 31, 2019

	2020	2019
Income		
Gross premiums written	\$ 528,219	\$ 516,133
Investment income	86,698	88,173
	614,917	604,306
Expenses		
Losses incurred (Note 5(b))	276,908	(29,469)
Premium taxes	21,131	20,645
Management and consulting fees	50,750	40,000
Insurance	259,505	104,754
Health and Safety Initiative	153,894	44,046
Professional fees	13,000	32,700
Director fees and meeting expenses (Note 8)	9,600	9,600
License	500	500
Miscellaneous	200	(441)
	785,488	222,335
Net income	\$ (170,571)	\$ 381,971
Change in unrealized loss on investments	(9,024)	149,523
Net comprehensive (loss) income	\$ (179,595)	\$ 531,494

The accompanying notes are an integral part of these financial statements.

FedGas Insurance Reciprocal Exchange
Statement of Subscribers' Surplus
Years ended December 31, 2020 and December 31, 2019

	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Surplus	Total Subscribers' Surplus
Balance, January 1, 2019	\$ 1,200,019	\$ (118,657)	\$ 1,517,745	\$ 2,599,107
Net income and comprehensive income	-	149,523	381,971	531,494
Balance, December 31, 2019	1,200,019	30,866	1,899,716	3,130,601
Net income and comprehensive income (loss)	-	(9,024)	(170,571)	(179,595)
Balance, December 31, 2020	\$ 1,200,019	\$ 21,842	\$ 1,729,145	\$ 2,951,006

The accompanying notes are an integral part of these financial statements.

FedGas Insurance Reciprocal Exchange
Statement of Cash Flows
Years ended December 31, 2020 and December 31, 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Net income and comprehensive income (loss)	\$ (170,571)	\$ 381,971
Items not involving cash:		
Net investment income	(86,698)	(88,173)
Amortization	-	(3,044)
Realized losses on investments	-	6,644
Changes in non-cash operating accounts:		
Insurance balances receivable	(31,597)	154,810
Prepaid expenses	85,322	(203,192)
Deferred acquisition costs	(1,498)	-
Accounts payable and accrued liabilities	268,615	(17,853)
Premium taxes payable	1,984	(108)
Provision for unpaid claims and loss adjustment expenses	31,882	(258,955)
Claims payable	(99,744)	(49,334)
Unearned premiums	37,500	-
	35,195	(77,234)
Investing activities:		
Trades pending settlement		200,000
Interest income received	87,356	80,115
Purchase of investments	(200,000)	(1,413,111)
Proceeds from maturities of investments	-	1,311,000
	(112,644)	178,004
(Decrease) increase in cash and cash equivalents	(77,449)	100,770
Cash and cash equivalents, beginning of year	822,035	721,265
Cash and cash equivalents, end of year	\$ 744,586	\$ 822,035

The accompanying notes are an integral part of these financial statements.

FedGas Insurance Reciprocal Exchange

Notes to Financial Statements

Years ended December 31, 2020 and 2019

1. Nature of operations

FedGas Insurance Reciprocal Exchange (the "Reciprocal") was formed January 1, 2007 under the Insurance Act of Alberta 1980 (the "Act"). The Reciprocal's registered office is 8429 – 24th St., Edmonton, Alberta.

The Act permits a group of subscribers to exchange reciprocal contracts of indemnity or inter-insurance with each other through a principal attorney. The principal attorney is authorized, by the subscribers, under a power of attorney, to sign reciprocal contracts on their behalf and to act on the subscribers' behalf in respect of any matter specified in the power of attorney relating to those contracts.

The Reciprocal is established for the purpose of permitting the subscribers to exchange a reciprocal contract of indemnity or inter-insurance for liability and property insurance. The subscribers to the Reciprocal are members of the Federation of Alberta Gas Co-ops Ltd. ("Federation").

The Reciprocal provides insurance coverage for property and general liability risks to its subscribers, including a reimbursement fund for Subscribers' deductibles on their automobile coverage. For the property and liability risks, the Reciprocal is responsible for \$75,000 per occurrence and \$150,000 in the aggregate. For the automobile deductible risks, the Reciprocal is responsible for \$75,000 per occurrence and \$200,000 in the aggregate. The Reciprocal is an unincorporated organization and is not subject to income taxes.

The financial statements were authorized for issue by the Board of Directors on February 17, 2021.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except available-for-sale financial assets, which are measured at fair value.

(c) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Significant areas of estimation and judgment include the provision for unpaid claims and loss adjustment expenses which is discussed further in Note 5.

Estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which they become known.

(d) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Reciprocal's functional currency.

FedGas Insurance Reciprocal Exchange

Notes to Financial Statements

Years ended December 31, 2020 and 2019

3. Significant accounting policies (continued)

The significant accounting policies adopted by the Reciprocal have been applied consistently to all periods presented in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits with original maturities of three months or less.

(b) Financial instruments

(i) Recognition and measurement

The Reciprocal initially recognizes loans and receivables and other liabilities on the date they are originated at fair value. All other financial instruments, including those designated at fair value through profit or loss ("FVTPL"), are recognized initially on the trade date at which the Reciprocal becomes a party to the contractual provisions of the instrument.

The Reciprocal derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Reciprocal is recognized as a separate asset or liability. The Reciprocal derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position only when the Reciprocal has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Reciprocal has classified its financial assets as "loans and receivables". It has classified its financial liabilities as "financial liabilities at amortized cost".

(ii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of loans and receivables is at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate.

The Reciprocal's financial assets designated as loans and receivables are comprised of cash, short term investments, investments, insurance balance receivable, and accrued investment income.

Cash and cash equivalents are comprised of bank deposits and short-term highly liquid investments that are readily convertible to cash. Cash equivalents have original maturities of three months or less and are not subject to significant risk of change in value.

FedGas Insurance Reciprocal Exchange

Notes to Financial Statements

Years ended December 31, 2020 and 2019

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Available for sale financial assets:

Available for sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other category. Investments are classified as available for sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognized in other comprehensive income and are presented separately within equity. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The net gain or loss recognized in comprehensive income incorporates any dividends earned and interest accrued on the financial asset.

(iv) Financial liabilities at amortized cost

Financial liabilities at amortized cost are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

The Reciprocal's financial liabilities designated at amortized cost are accounts payable and accrued liabilities, premium taxes payable, and claims payable.

(v) Impairment of assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired include default or delinquency by the debtor, indication that the issuer will enter bankruptcy or financial reorganization, economic conditions that correlate with defaults or the disappearance of an active market for a security or a significant prolonged decline in fair value of an asset below its cost.

(c) Insurance contracts

Contracts are classified as insurance contracts when the Reciprocal accepts significant insurance risk from an insured by agreeing to compensate the insured or other beneficiary if a specified insured event adversely affects the insured or other beneficiaries.

FedGas Insurance Reciprocal Exchange

Notes to Financial Statements

Years ended December 31, 2020 and 2019

3. Significant accounting policies (continued)

(c) Insurance contracts (continued)

(i) Insurance contract liabilities

Insurance contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are initially recognized at fair value and subsequently measured at fair value through comprehensive income. The liability is derecognized when the contract expires, is discharged or cancelled.

Insurance contract liabilities are comprised of unpaid claims and loss adjustment expenses and unearned premiums identified at the reporting date.

Significant delays may be experienced in the notification and settlement of certain types of insurance claims, the ultimate cost of which may vary from the original assessment. Adjustments to the amounts of claim provisions established in prior years are reflected in the financial statements in the period in which the adjustments are made.

(ii) Liability adequacy

At each reporting date, the Reciprocal performs an adequacy test on its insurance contract liabilities to ensure the carrying amount is adequate using current estimates of future contractual cash flows. Where a shortfall is identified, an additional provision is made, and the Reciprocal recognizes the deficiency in comprehensive income in the year it is known.

(iii) Premiums

Gross premiums written comprise premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later financial year. The provision for unearned premiums comprises the portion of premiums written which is to be earned in subsequent financial years. The change in the provision is recorded in comprehensive income to recognize income over the period of the insurance contract.

(iv) Losses incurred

Losses incurred consist of losses and loss adjustment expenses paid during the financial year together with the movement in the unpaid claims and loss adjustment expenses. Unpaid claims and loss adjustment expenses comprise provisions for the Reciprocal's estimate of the ultimate cost of settling all losses incurred but unpaid at the reporting date, whether reported or not.

Unpaid claims and loss adjustment expenses are assessed by reviewing individual claims and making allowance for losses incurred but not reported. This takes into consideration the effect of both internal and external foreseeable events such as changes in claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends.

Although the Reciprocal believes the provisions to be adequate to cover the ultimate net cost of losses incurred to date, the provisions are necessarily estimates and may be ultimately settled for a significantly greater or lesser amount. Any adjustment to these estimates is recorded in comprehensive income in the year it is determined.

FedGas Insurance Reciprocal Exchange

Notes to Financial Statements

Years ended December 31, 2020 and 2019

3. Significant accounting policies (continued)

(c) Insurance contracts (continued)

(v) Acquisition costs

Acquisition costs are comprised of premium taxes that directly relate to the acquisition of certain insurance contracts. Acquisition costs related to unearned premiums are deferred to the extent they are expected to be recovered from the unearned premium reserve and are expensed proportionately over the period in which premiums are earned. The method in determining the deferred costs limits the amount of the deferral to the amount recoverable from net unearned premiums giving consideration to investment income, loss and loss adjustment expenses expected to be incurred as net premiums are earned. A premium deficiency exists when future claims and related expenses are expected to exceed net unearned premiums. Premium deficiencies are recognized first by writing down the deferred acquisition costs with any remaining premium deficiency recognized as a liability.

(d) New standards and interpretations not yet adopted:

A number of new standards, and amendments to standards and interpretations, are not yet effective and have not been early adopted for the year ended December 31, 2020 in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Reciprocal, except for IFRS 17 – Insurance Contracts and IFRS 9 – Financial Instruments. IFRS 17 - Insurance Contracts, effective date of January 1, 2023, changes the basis for classifying and measuring insurance contracts. IFRS 9 Financial Instruments impacts the classification and measurement of financial assets and financial liabilities. The effective date for the Reciprocal would be January 1, 2018, but as the Reciprocal's activities and liabilities are predominantly insurance based, it is eligible and has chosen to defer the adoption of this standard to coincide with the adoption of IFRS 17. The Reciprocal is currently assessing the impact of these standards.

4. Fair value of financial assets

The Reciprocal's financial assets at fair value:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 744,586	\$ 744,586	\$ 822,035	\$ 822,035
Investments	3,082,409	3,104,250	3,082,409	3,113,275
Accrued investment income	18,354	18,354	19,011	19,011
Total financial assets	\$ 3,845,349	\$ 3,867,190	\$ 3,923,455	\$ 3,954,321

FedGas Insurance Reciprocal Exchange
Notes to Financial Statements
Years ended December 31, 2020 and 2019

4. Fair value of financial assets (continued)

The Reciprocal's investments in corporate debt securities have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Principal-protected and principal-at-risk notes do not have these contractual terms, however, they have an equity exposure.

The Reciprocal classifies its financial instruments on a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include those measured using inputs that are based on observable market data, either directly or indirectly. Level 3 valuations are based on inputs that are not based on observable market data.

All the Reciprocal's investments are in Canadian bank paper and Canadian corporate paper and notes and accordingly they are classified as Level 2. The remaining financial assets approximate fair values due to their immediate or short-term maturity, and accordingly are classified as Level 1. There have been no transfers of assets between levels in the years presented.

5. Insurance contracts

(a) Unearned premiums

The change in unearned premiums recorded on the statement of financial position and its impact on premiums earned are as follows:

	2020	2019
Unearned premiums, beginning of year	\$ 386,789	\$ 386,789
Gross premiums written	565,719	516,133
Premiums earned	(528,219)	(516,133)
Unearned premiums, end of year	\$ 424,289	\$ 386,789

(b) Provision for unpaid claims and loss adjustment expenses

The establishment of the provision for unpaid claims and loss adjustment expenses is based on known facts and interpretation of circumstances, and is therefore a complex and dynamic process influenced by a large variety of factors. These factors include the Reciprocal's experience with similar cases and historical trends involving claim payment patterns, claim payments, pending levels of unpaid claims, concentration and mix of risk exposures, claims severity and claim frequency patterns.

FedGas Insurance Reciprocal Exchange

Notes to Financial Statements

Years ended December 31, 2020 and 2019

5. Insurance contracts (continued)

(b) Provision for unpaid claims and loss adjustment expenses (continued)

Other factors include the continually evolving and changing regulatory and legal environment, actuarial studies, professional experience and expertise of the personnel handling individual claims, the quality of the data used for projection purposes, existing claims management practices including claims handling and settlement practices, the effect of inflationary trends on future claims settlement costs, investment rates of return, court decisions, economic conditions and public attitudes. In addition, time can be a critical part of the provision determination, since the longer the span between the incidence of a claim and the payment or settlement of the claim, the more variable the ultimate settlement amount can be.

Consequently, the process for the establishment of the provision for unpaid claims and loss adjustment expenses relies on the judgment and opinions of a large number of individuals, on historical precedent and trends, on prevailing legal, economic, social and regulatory trends and on expectations as to future developments. The process of determining the provisions necessarily involves risks that the actual results will deviate, perhaps substantially, from the best estimates made.

The carrying value of the provision for unpaid claims and loss adjustment expenses reflects the expected claim costs and expenses and provisions for adverse deviation and is considered to be an indicator of fair value. There is no ready market for the trading of unpaid claims and loss adjustment expenses and the value agreed between parties in an arm's length transaction may be materially different.

Changes in the provision for unpaid claims and loss adjustment expenses recorded in the statement of financial position and their impact on losses incurred are as follows:

	2020	2019
Provision for unpaid claims and loss adjustment expenses, beginning of year	\$ 367,971	\$ 626,926
Losses paid	(245,026)	(229,486)
Losses (recovered) incurred	276,908	(29,469)
Provision for unpaid claims and loss adjustment expenses, end of year	\$ 399,853	\$ 367,971

FedGas Insurance Reciprocal Exchange

Notes to Financial Statements

Years ended December 31, 2020 and 2019

5. Insurance contracts (continued)

(b) Provision for unpaid claims and loss adjustment expenses (continued)

Losses recovered in the year are summarized as follows:

	2020	2019
Losses paid	\$ 245,026	\$ 229,486
Change in provisions for unpaid claims and loss adjustment expenses	31,882	\$ (258,955)
Losses incurred	\$ 276,908	\$ (29,469)

FedGas Insurance Reciprocal Exchange

Notes to Financial Statements

Years ended December 31, 2020 and 2019

5. Insurance contracts (continued)

(c) Loss development tables

The following table shows how the estimates of losses incurred for each year develop over time followed by a reconciliation to the provision for unpaid claims and loss adjustment expenses carried in the statement of financial position.

	Prior Years	2011	2012	2013	2014	2015
Ultimate claims:						
First year	\$ 518,931	\$139,700	\$131,730	\$ 99,552	\$143,500	\$ 95,000
One year later	1,480,654	300,000	300,000	500,000	250,330	339,000
Two years later	1,307,950	300,000	341,000	323,346	250,330	383,308
Three years later	1,174,998	300,000	224,872	323,346	180,681	379,134
Four years later	1,010,978	251,111	224,872	296,141	179,567	349,895
Five years later	793,934	250,400	204,089	295,118	170,452	349,895
Six years later	817,938	249,271	198,739	289,545	170,452	
Seven years later	784,077	245,344	198,743	289,545		
Eight years later	793,136	242,320	198,743			
Nine years later	773,352	242,320				
Ten years later	771,581					
Ultimate claims, end of year	771,581	242,320	198,743	289,545	170,452	349,895
Cumulative payments	748,878	242,320	152,817	278,363	169,698	328,320
Provision for unpaid claims and loss adjustment expenses, end of year	\$ 22,703	\$ -	\$ 45,926	\$ 11,182	\$ 754	\$ 21,575

	2016	2017	2018	2019	2020	Total
Ultimate claims:						
First year	\$ 76,000	\$ 94,851	\$ 94,851	\$ 77,981	\$ 79,657	
One year later	289,223	240,000	301,299	301,299		
Two years later	281,642	178,028	301,299			
Three years later	206,038	178,028				
Four years later	206,038					
Five years later						
Six years later						
Seven years later						
Eight years later						
Nine years later						
Ten years later						
Eleven years later						
Ultimate claims, end of year	206,038	178,028	301,299	301,299	79,657	3,088,857
Cumulative payments	188,750	155,071	226,239	150,131	48,417	2,689,004
Provision for unpaid claims and loss adjustment expenses, end of year	\$ 17,288	\$ 22,957	\$ 75,060	\$151,168	\$ 31,240	\$ 399,853

FedGas Insurance Reciprocal Exchange

Notes to Financial Statements

Years ended December 31, 2020 and 2019

6. Insurance and financial risk management

The Reciprocal monitors and manages the financial risks relating to its operations through internal reports which analyze exposures by degree and magnitude, underwriting limits and monitoring emerging issues. These risks include insurance risk, market risk (currency risk, interest rate risk, and other price risk), credit risk and liquidity risk.

(a) Insurance risk

The Reciprocal accepts insurance risk through insurance contracts with its subscribers, where it assumes the risk of loss from entities that are directly subject to the underlying loss. The contracts transfer the financial risk of an insured event occurring. These risks impact the amount, timing and certainty of cash flows arising from the contracts.

Assumptions and sensitivities:

The risks associated with insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Reciprocal uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims and expected loss ratios as well as discounting and establishing provisions for adverse deviation. With other variables unchanged, a 10% change in the Reciprocal's losses incurred would have an approximate \$28,000 (2019 - \$2,900) impact on comprehensive income and subscribers' surplus. A 10% change in premiums earned would have an approximate \$53,000 (2019 - \$52,000) impact on comprehensive income and subscribers' surplus.

(d) Market risk

Market risk, which is comprised of currency risk, interest rate risk and other price risk, is the risk of adverse financial impact as a consequence of market movements such as foreign exchange rates and interest rates. The Reciprocal's objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Reciprocal manages market risk by monitoring cash flow, market conditions and asset mix.

(i) Currency risk

Currency risk is the risk that the fair value of the Reciprocal's financial instruments will fluctuate due to changes in foreign exchange rates. The Reciprocal does not hold any assets or liabilities denominated in currencies other than the Canadian dollar, and is therefore not directly exposed to currency risk.

FedGas Insurance Reciprocal Exchange

Notes to Financial Statements

Years ended December 31, 2020 and 2019

6. Insurance and financial risk management (continued)

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or future cash flows of a financial instrument. The Reciprocal holds Canadian bank paper and notes and Canadian corporate paper and notes with varying terms to maturity and interest rates. The risk is managed by closely monitoring its investments, with the assistance of professional investment managers. A bond ladder and structured note portfolio has been utilized such that bonds mature on a staggered basis allowing reinvestments at higher rates of return. The structured equity notes are designed to target fixed rates of return even in negative market environments. The Reciprocal optimizes its investment return while bearing an acceptable level of risk.

The Reciprocal has no significant concentration of interest rate risk. With other variables unchanged, a 10% change in yields would have an approximate \$9,000 (2019 - \$9,000) impact on comprehensive income and subscribers' surplus.

(iii) Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from currency or interest rate risk) whether they are caused by factors specific to an individual investment, its issuer or by factors affecting all instruments traded in the market. The Reciprocal has no significant exposure to other price risk.

(c) Credit risk

Credit risk refers to the risk of a counterparty defaulting on their contractual obligations resulting in a financial loss. The Reciprocal is exposed to credit risk in relation to its cash, short term investments, investments, insurance balances receivable and accrued investment income. The Reciprocal's maximum exposure to credit risk is the carrying value of these balances in the statement of financial position.

FedGas Insurance Reciprocal Exchange

Notes to Financial Statements

Years ended December 31, 2020 and 2019

6. Insurance and financial risk management (continued)

(c) Credit risk (continued)

Credit risk associated with cash and investments is summarized below utilizing the Dominion Bond Rating Service ratings:

December 31, 2020	Book Value	Market Value	Unrealized Gain (loss)	DBRS Rating
Cash	\$ 744,586	\$ 744,586	\$ -	R1
Investments:				
Corporate debt	2,359,408	2,376,067	16,659	A(low)
Principle-protected notes	323,000	327,699	4,699	AA
Principle-at-risk notes	400,000	400,484	484	Not rated
	\$ 3,826,994	\$3,848,836	\$ 21,842	

December 31, 2019	Book Value	Market Value	Unrealized	DBRS Rating
Cash	\$ 822,035	\$ 822,035	\$ -	R1
Investments:				
Corporate debt	2,359,410	2,370,264	10,854	A(low)
Principle-protected notes	323,000	326,598	3,598	AA
Principle-at-risk notes	400,000	416,414	16,414	Not rated
	\$ 3,904,445	\$3,935,311	\$ 30,866	

Insurance balances receivables do not have a credit rating, however, this risk is mitigated by a sufficiently large number of subscribers participating in the Reciprocal.

The Reciprocal has determined that its financial assets are not subject to impairment.

(d) Liquidity risk

Liquidity risk is the risk that the Reciprocal cannot meet its obligations associated with liabilities as they fall due. Liquidity risk arises from the general business activities and in the course of managing assets and liabilities of the Reciprocal. The liquidity requirements of the Reciprocal's business are met primarily by funds generated from underwriting operations, asset maturities and returns on investments. Cash provided from these sources is used for losses, loss adjustment expenses and other operating expenses. The Reciprocal's exposure to liquidity risk is mitigated by the high liquidity of its investments.

FedGas Insurance Reciprocal Exchange

Notes to Financial Statements

Years ended December 31, 2020 and 2019

6. Insurance and financial risk management (continued)

(d) Liquidity (continued)

The following table summarizes the maturity profile as at December 31, 2020 and December 31, 2019 of the Reciprocal's assets and liabilities by contractual maturity or expected cash flow dates:

	Within one year	One to three years	Three to five years	Greater than five years	Total
December 31, 2020					
Cash and cash equivalents	\$ 744,586	\$ -	\$ -	\$ -	\$ 744,586
Investments	317,379	874,327	1,344,756	567,788	3,104,250
Insurance balances receivable	77,877	-	-	-	77,877
Prepaid expenses	153,138	-	-	-	153,138
Accrued investment income	18,354	-	-	-	18,354
Deferred acquisition costs	16,969	-	-	-	16,969
	\$ 1,328,303	\$ 874,327	\$ 1,344,756	\$ 567,788	\$ 4,115,174
Accounts payable and accrued liabilities	\$ 311,315	\$ -	\$ -	\$ -	\$ 311,315
Premium taxes payable	22,629	-	-	-	22,629
Provision for unpaid claims and loss adjustment expenses	76,054	156,836	104,000	62,963	399,853
Claims payable	16,082	-	-	-	16,082
Unearned premiums	424,289	-	-	-	424,289
	\$ 850,369	\$ 156,836	\$ 104,000	\$ 62,963	\$ 1,174,168
December 31, 2019					
Cash and cash equivalents	\$ 822,035	\$ -	\$ -	\$ -	\$ 822,035
Investments	-	806,727	1,045,558	1,260,990	3,113,275
Insurance balances receivable	46,280	-	-	-	46,280
Prepaid expenses	238,460	-	-	-	238,460
Accrued investment income	19,011	-	-	-	19,011
Deferred acquisition costs	15,471	-	-	-	15,471
	\$ 1,141,257	\$ 806,727	\$ 1,045,558	\$ 1,260,990	\$ 4,254,532
Trades pending settlement	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
Accounts payable and accrued liabilities	32,700	-	-	-	32,700
Premium taxes payable	20,645	-	-	-	20,645
Provision for unpaid claims and loss adjustment expenses	47,915	159,092	64,275	96,689	367,971
Claims payable	115,826	-	-	-	115,826
Unearned premiums	386,789	-	-	-	386,789
	\$ 803,875	\$ 159,092	\$ 64,275	\$ 96,689	\$ 1,123,931

FedGas Insurance Reciprocal Exchange

Notes to Financial Statements

Years ended December 31, 2020 and 2019

7. Capital management and regulatory requirements

The Reciprocal's surplus is comprised of contributed surplus and surplus. The Reciprocal's objectives when managing surplus is to comply with the reserve requirements of the Act and to safeguard its ability to continue as a going concern so that it can continue to provide insurance coverage to its subscribers.

Under the requirements of Section 99 and 100 of the Act, the Reciprocal must maintain, as a reserve fund, a sum of cash or approved securities equal to fifty percent of the Reciprocal's gross premiums written. The Reciprocal is also required to maintain, as a guarantee fund, a sum of cash or approved securities equal to the sum of all liabilities, excluding unearned premiums, plus an additional \$50,000. If, at any time, the reserve and guarantee fund requirements exceed the Reciprocal's cash and approved securities balance the subscribers are required to make up the deficiency.

The reserve and guarantee fund requirements are as follows:

	2020	2019
Reserve fund:		
Gross premiums written (on in force policies)	\$ 565,719	\$ 515,719
	x 50%	x 50%
	282,860	257,860
Guarantee fund:		
Total liabilities	1,164,168	1,123,931
Less unearned premiums	(424,289)	(386,789)
Add statutory margin	50,000	50,000
	789,879	787,142
Cash, investments and accrued investment income:		
Required	1,072,739	1,045,002
Held	3,867,190	3,954,321
Held in excess of required amount	\$ 2,794,451	\$ 2,909,319

The Reciprocal has had no changes in its policies and processes to its surplus structure.

8. Related party transactions

Subscribers to the Reciprocal are members and associate members of the Federation of Alberta Gas Co-ops Ltd. ("Federation"). The directors of the Reciprocal are also directors of the Federation.

Key management personnel consist of directors as the Reciprocal does not have employees. Aggregate compensation to the Reciprocal's directors during the year, consisting solely of director fees, was \$9,600 (2019 - \$9,600). There were no long term, post-employment or termination benefits for the years ended December 31, 2020 or 2019.

FedGas Insurance Reciprocal Exchange

Notes to Financial Statements

Years ended December 31, 2020 and 2019

8. Related party transactions (continued)

Expenses include \$153,894 (2019 - \$55,046) from the Federation for the Health and Safety program and \$259,505 (2019 - \$104,754) for premiums connected to insurance coverage provided by other insurers to the Reciprocal's subscribers. These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the Federation and the Reciprocal. Included in accounts payable is \$75,831 (2019 – nil) due to the Federation. Included in prepaid expenses is \$153,138 (2019 -\$208,460) and included in accounts payable is \$204,184 (2019 – nil) connected with the insurance coverage described above.

9. Uncertainty Due to COVID-19

The COVID-19 pandemic has created global economic uncertainty. Many businesses and individuals in a vast array of sectors have and may continue to experience economic loss due to COVID-19. The full impact of the pandemic, the resulting economic uncertainty, and the impact on the Reciprocal cannot be determined.

10. Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Reciprocal's risk management framework. The Reciprocal's risk management policies are established to identify and analyze the risks faced by the Reciprocal, to set appropriate risk limits and controls, and to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Reciprocal's activities. The Reciprocal's Board of Directors oversees compliance with the Reciprocal's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Reciprocal.

Daniel Moric

From: Kevin Crush <kcrush@fedgas.com>
Sent: June 3, 2021 12:16 PM
To: Kevin Crush
Subject: FW: You're invited: learn more about navigating your future retirement in uncertain times

To All Federation Members:

Our benefits providers AUMA and Sun Life have partnered to bring a webinar, *Staying the Course*, on navigating your future retirement.

Please see the below email for information.



Kevin Crush
Corporate Services Manager
Federation of Alberta Gas Co-ops Ltd.
O:780-416-6543 | D:780-416-6535
www.fedgas.com



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Staying the course — June 23 @ 11:30 a.m.

Upcoming webinar registration details:
Staying the course presented by a mutual fund registered advisor
Date: June 23, 2021
Time: 11:30 a.m. (MST)
Complimentary registration: click here to [register today](#)

The next session, ***Building your wealth***, will occur in early summer and focus on investment types, managing risk, and more.

For more information, contact our Retirement Services team at retirement@auma.ca.

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