A HANDBOOK FOR DIRECTORS OF RURAL GAS UTILITIES

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This handbook is intended for internal use only. The information contained in this module is not intended to conform to any particular professional or regulatory standard, but rather is intended to provide general guidelines for the performance of the identified tasks by qualified persons. Readers will need to assess the applicability and usefulness of these guidelines in the specific circumstances of the tasks to be undertaken and the applicable operating environment.

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Leadership is based on inspiration, not domination; on co-operation, not intimidation

William Arthur Wood

Dedication

This Directors Handbook is dedicated to all Directors and Councillors, past and present, of the Federation's Member Utilities. Their contributions have led to the success of the Federation and each and every one of our Member Utilities.

1.0 Introduction

The job of being a director in a rural gas utility is an important one. Directors carry a lot of responsibility. Like any other job, directors need tools to help get the job done. This handbook is meant to be one of those tools.

Directors always act within relationships. They relate with members of the utility, with other directors, with managers and staff, and with individuals and organizations in their communities. Overall, rural gas utilities relate with each other through working relationships, through the Federation of Alberta Gas Co-ops Ltd., through Gas Alberta Inc., and other organizations that gas utilities may be a part of.

This handbook gives general information to help directors be leaders and to make decisions. The focus is on the rural gas utility and how directors can govern them effectively. Information is provided about other parts of the Rural Gas Program, the Federation of Alberta Gas Co-ops Ltd., Gas Alberta Inc., and pertinent legislation.

This handbook is intended to be a living document for directors. Keep this handbook close by. Use it as a useful tool for the trade of being an effective director.

2.0 Background

Rural Gas Utilities

What is a natural gas utility? A brief description of the history of gas co-op co-ops and the stakeholders that support them.

Prior to the 1960's, natural gas was not available to rural Albertans. Alternative energy supplies utilized in rural areas were coal, propane, wood and fuel oil. These were often costly, unreliable and inconvenient. The opportunity to develop Alberta's rural natural gas systems arose in the mid 1950's, when Alberta Gas Trunk Line Company (AGTL) expanded its pipeline system throughout Alberta.

In 1962, a group of farmers in the Priddis area formed the first rural gas co-operative to take advantage of the benefits associated with natural gas. AGTL, which later became TransCanada Pipelines Limited (TCPL) and then TC Energy agreed to install farm taps on its transportation pipeline to provide natural gas to rural areas. The farmers then constructed a gas pipeline system to distribute the gas to individual consumers.

Across rural Alberta today, farmers, homeowners, and businesses collectively own what has become the world's largest rural natural gas distribution system. Working together, these pioneers have brought a standard of living to rural communities that is the equal to anywhere else in Canada.

Description of a Rural Gas Utility

Rural Gas Utilities refer to the organizations that provide rural Alberta with natural gas and can vary greatly in terms of size of membership as well as focus. Most are made up of locally-owned utilities organized as co-operatives, some are divisions of municipal services operated by town or city councils, and others are owned and operated by First Nations. All have been granted a franchise area by the Province of Alberta.

Members are the proprietors and the originator of all authority of the local co-op. Customers are the end-user consumers of the co-op's services.

Rural Gas Co-operatives and the 7 Principles of Co-operatives

Co-operatives are unique in their purpose and ownership. They have been organized by their members, exist for their members, are self-governed by member-elected boards of directors who are also members of the utility, and allocate their surplus earnings to the benefit of the member utility as a whole.

A set of universally accepted principles defines the co-operative difference, known as the 7 Principles of Co-operatives

7 Principles of Co-operatives

1st Principle: Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle: Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6th Principle: Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7th Principle: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Benefits of Rural Gas Utilities

Rural gas utilities are member--owned utilities in which local people direct, manage, and service the gas distribution system.

Consumers and local communities have benefited from rural gas co-operatives and other local groups providing natural gas services. Benefits of local ownership and control include:

- Availability of utility service through the utility where it may not otherwise have been available
- Autonomous entities – decisions made at the local level
- Landowners are more willing to provide rights of way for utilities, which are locally owned and operated.
- Input by members to the quality and cost of service provided
- Retention of earnings in the community
- Definition of the taxable position of the utility
- Enhancement of community lifestyle
- Possibility of local employment

The benefits of the co-operative utility are local ownership, a locally controlled distribution system, local input and decisions by members, local employees and service operations, and support of local goods and services.

In general, most consumers within a co-operative utility are “members” of the co-op. Membership in the co-op is optional and there may be circumstances why a consumer is not a “member”, such as being a renter and not the owner of the property, or having lost being a “Member in good standing” by not keeping up with the utility’s bills.

Members in good standing with the utility have the opportunity to participate and benefit by:

- Sharing in the ownership of the utility
- Electing directors to sit on the utility’s board of directors
- Voting on resolutions
- Adopting or amending supplemental bylaws for the utility
- Being the source of the operational funding
- Using the services of the utility
- Encouraging new membership and growth
- Attending annual and special general meetings
- Proposing overall objectives or suggestions on policies and by-laws
- Being entitled to inspect the membership register
- Appointing an auditor
- Approving special levies of the utility through annual and special general meetings
- Receiving reports from the board of directors and the utility’s auditor at general meetings
- Providing utility rights-of-ways for the utility’s infrastructure
- Being entitled to receive a copy of the financial statement
- Attending board meetings, by pre-arranged appointment to discuss issues

Federation of Alberta Gas Co-ops Ltd.

The Federation of Alberta Gas Co-ops Ltd. is a not-for-profit umbrella organization of locally owned member organizations, comprised of co-operatively-owned, municipally-owned, and First Nations-owned gas utilities. Formed in 1964 to pool resources and provide services common to local gas co-operatives, it provided a unified voice for gas co-ops and buying power. The Federation has played a key role in the development of policy, operations, insurance, risk management, maintenance manuals, and education and training for Alberta's rural gas utilities.

The Federation of Alberta Gas Co-ops Ltd. and its members comprise a unique organization that has, through co-operation, brought an enhanced standard of living to rural Alberta for over 50 years. The Federation liaises with all levels of government, provides training, ensures that co-op systems are operated and maintained to the highest standards; provides for benefits and pensions of utility employees; and provides an insurance reciprocal exchange for all Member Utilities. The Federation of Alberta Gas Co-ops Ltd. Member Utilities have created jobs, provided training, and helped keep rural communities thriving.

Membership in the Federation changes from time to time. It is limited to utilities that have a Province of Alberta-approved gas utility franchise area, or on Indigenous lands with a Band council resolution in place. These "Member Utilities" must be in agreement with the general aims and purposes of the Federation and operate a safe gas distribution system.

Every one of our utilities has an office in the community they serve, and sometimes multiple offices. Across the entire Federation system, these offices employ over 500 people who look after the operations of the gas system. These people live in the community, have often grown up in the community, and they play and do business in the community. There is no better incentive for providing the best quality and service than when you're doing it for your own neighbours! With this network of offices and people, when members need service or have an emergency, our people can respond quickly. In cases of very small co-ops or municipalities, there are agreements in place with neighbouring Member Utilities for service and emergency response.

History of the Federation

In the 1960s, Albertans began a movement which created the only jurisdiction of its kind in the world. Across rural Alberta today, farmers, homeowners, and businesses collectively own what has become the world's largest rural natural gas distribution system. Working together, these pioneers brought a standard of living to rural communities that is the equal to anywhere else in Canada. The Federation of Alberta Gas Co-ops Ltd. acts as the united voice of Alberta's rural gas utilities that have built this movement.

Before the first gas co-ops were formed, urban centres in Alberta were being gasified. Pipelines were being built across rural Alberta but were only serving urban areas or leaving the province. Local, rural communities wanted the same service but the companies at the time were unwilling to invest in small communities for little return. So communities took on the challenge for themselves. Small gas distribution systems were constructed and operated by local co-operatives in the early 1960's to serve rural consumers by capturing and distributing natural gas to towns and outlying areas. In 1964, four of the first gas co-ops in southern Alberta pooled their resources to form the Federation of Alberta Gas Co-ops Ltd.

By the early 1970's, approximately 25 small gas co-ops were in operation, providing service to many rural Albertans. These gas co-ops were volunteer-driven, with local farmers and their families often assisting by canvassing for new members or even digging the trenches themselves.

Gasification of rural Alberta saw substantial growth in 1973 with the formation of Alberta's Rural Gas Program. This Program assisted with the high costs of constructing gas distribution systems in sparsely populated rural areas. In 2013, the Alberta government transferred responsibility for disbursing the Rural Gas Grant to the Federation. At the same time, the Federation also assumed other components of the Program, including providing easement services for co-ops, and the Quality Assurance Program to ensure control over the quality of pipelines entering the gas co-op system.

Gas Alberta was established under the Rural Utilities Branch as a broker to buy gas, pool the costs and resell the gas to the co-ops. Gas Alberta Inc. was privatized in 1997, with its shareholders being the Federation Member Utilities.

The work of the gas co-ops led to rapid growth of gas distribution systems throughout the 1980's and 1990's. Natural gas became the fuel of choice for rural Alberta consumers, and today Alberta boasts the largest percentage of households using it as their primary fuel with over 90% of homes heated by natural gas. Since the mid-1990s, the Member Utilities have operated a network of around 750 RMO (Regulating, Metering and Odorizing) stations. These stations are critical for bringing gas supply to, and ensuring the safety of, residential and commercial areas. In 2007, the Federation gained accreditation from Measurement Canada to verify and re-verify station meters in the field. Then in 2011, our Member Utilities embarked on a project to install automated meter reading devices (AMR) on customer meters. Most rural Albertans' gas meters are now being read remotely, with many co-ops even moving to aerial meter reads, and reads through wireless internet.

The growth and success of the Federation was such that in 2004, funding from Member Utilities allowed for the construction of the Federation Centre, a permanent home for the Federation in Sherwood Park. In 2020, the Federation Centre relocated to a new home in Edmonton, offering a much larger office building to house growing operations and staffing requirements.

Core Functions

The Federation and its Member Utilities share a common goal of providing a reliable and economical gas supply to their customers. To that end, the Federation provides the utilities with centralized services which would otherwise be too costly and redundant for the individual utilities to provide for themselves. These services, which form the Federation's core functions, include:

- Insurance coverage
- Benefits for employees and directors
- Training
- Operations and Maintenance guidelines
- Health and Safety services
- Government relations
- Industry liaison
- Technical specialty services (e.g. gas measurement, data collection)
- Measurement Canada accreditation – re-verify station meters in the field, automatic meter reading (AMR) installation

Governance Structure

For electoral purposes, the province is divided into eight electoral zones. Each zone elects a director to represent its member organizations on the Federation's board of directors. This eight-person board is elected on a rotating basis for 3-year terms. The board directs and supervises the business of the

Federation. The board, through discussion with the membership, primarily at Annual and other General Meetings, sets policy and implements strategy on behalf of the membership.

The elected directors of the Federation receive input for their decisions from the Member Utilities. Local utility boards of directors or councils appoint delegates to represent them at zone and annual general meetings (AGM) of the Federation. The Federation AGM is held as part of the larger gathering of delegates generally known as the annual convention.

Participation in meetings is an important forum for Federation members to influence decisions of the Federation. It is, therefore, advisable that the membership organizations send their maximum number of eligible delegates. It is also imperative that delegates be authorized by the local board of directors to speak on their behalf, that delegates be registered, and that they attend Federation meetings. Proxy votes are not allowed.

Organizational Structure

The organization and structure of the Federation and that of the Member Utilities are similar in that each has a board of directors or councils, and the board or council employees a manager whose role is to supervise the day-to-day operation of the utility. The Federation board engages an Executive Director who, in turn, engages operational staff.

The Federation is a member of several organizations that promote safety and the co-operative principles, including: Alberta Community and Co-operatives Association: Co-operatives and Mutuals Canada: Utility Safety Partners, Canadian Gas Association; Canadian Association of Pipeline and Utility Locating Contractors; Alberta Federation of Agriculture; Safety Codes Council; and it is a Member-Owner of The Co-operators.

Services and Practices

The Federation provides centralized services to Member Utilities, such as:

- Advocacy/Government Relations
- Industry Liaison and Representation
- Monitoring Regulations
- Benefits and Pension for Employees and Directors
- Information Sharing
- Complaint Resolution
- Legal Advice and Agreement Negotiations
- Representation on Utility Safety Partners, Safety Codes Council, and other industry Committees
- Operation and Maintenance Evaluations (Audits)
- Amalgamation Advice or Assistance
- Infrastructure
- Safety
- Training
- Media
- Rural Gas Grant Program Support

- Easement Services
- Pipe Quality Assurance Program
- Technical Safety Program
- Alberta Odorant Services (AOS)
- Health and Safety
- GIS and Mapping
- Insurance Services
- Production and Facilitation of Training Programs
- Measurement Assistance
- Data Collection and Alarm Forwarding
- Easements and Utilities Right-of-Ways
- Technical Advice and Assistance
- Retail Billing
- Business Advice and Assistance
- Bulk Purchasing
- Documentation and Forms

The Federation splits services into “Core” and “Non-Core” services. Core are those services that are funded through the annual levy and are accessible to all Member Utilities equally. Non-Core are those services funded on a user pay basis and as such may not be accessible to all Member Utilities.

Advocacy

The Federation is mandated to take an active role to advocate the interests of its Member Utilities by:

- Providing a common voice to industry
- Developing and strengthening relationships both commercially and with government
- Providing direction, and
- Identifying social issues and working proactively for the betterment of the membership

Insurance

Each utility has a responsibility to insure its assets and operations against potential losses. A program has evolved whereby the Federation negotiates a master insurance policy to cover all Federation members who participate in the program.

Member Utilities determine their insurance coverage by opting for coverages under the master insurance policy (Section 19 of the Rural Utilities Regulations Standard By-laws states the specific types of insurance coverage that are required). The master policy includes: Property, General Liability, Automobile, Crime, Pollution, Umbrella Liability, and Directors & Officers Liability. utility

In 2007, the Federation and its Member Utilities established the FedGas Insurance Reciprocal Exchange (FIRE). Formed under section 487 of the Insurance Act Revised Statutes of Alberta 1980, FIRE was set up to administer a retention pool program (a form of self-insurance where funds are set aside and losses are charged against the funds that otherwise accumulate).

Under the reciprocal, smaller losses are paid through the reciprocal with the insurer only being involved in larger or catastrophic losses. The program handles claims up to a defined amount. Claims in excess of that amount are presented to a private insurer. The insurer, then, is acting as an excess insurance company. This benefits Member Utilities by avoiding paying the insurers' expenses for handling small losses (typically 35-40%).

The reciprocal has benefited the Federation Members in that there has been less reliance on the insurance market and its cyclical nature. This allows Member Utilitiess rate stability and a lower cost of risk. The reciprocal avoids a lot of the dollar trading with the insurance industry, where the insurance industry keeps an average of 35-40% of the total premium paid to cover their administrative expenses and profits, only allowing 60-65% of the actual premium available to be paid for claims. Under the reciprocal, the pool balance belongs to the members, in proportion to their share of premiums paid.

The Federation and its Members have maintained a low loss record and have complied well with risk management policies and procedures. Good safety practices have contributed to keeping claims at a minimum.

Safety

Operationally, Federation members demonstrate excellent safety records and continue to be leaders in the field of rural gas distribution systems. They are also experts in many related fields with their expertise frequently demonstrated through their participation in industry committees.

The Federation provides several safety-related services and programs to its member co-ops through:

- Operations and Maintenance (O&M) Committee
- On-going development of an O&M Manual through the adaptation of industry standards to suit the needs of the Rural Gas Program
- Development of construction standards and emergency response procedures
- Development of the Health & Safety program and manual
- On-going development of the Health and Safety Management System

Training

The Federation offers a wide variety of training made available chiefly to Federation Member Utilities, but independent utilities or contractors may be allowed to participate. A Training Calendar is published annually listing all courses being offered in the upcoming training season, with potential costs and scheduled dates. Some of the highlights of the Training Program include:

- The Federation was instrumental in the 1980s in developing the Gas Utility Operator Training Program in conjunction with Alberta Industry and Training. It is now an accredited program through Alberta Apprenticeship and Industry that gives graduates a certificate in the Designated Occupation of Gas Utility Operator. This is a two-year program offered through the Federation to ensure its Members' operations are conducted in a safe and efficient manner. It is open to Federation Member Utilities, as well as to independent utilities and the general public.
- The Polyethylene (PE) Fusion program is a course accredited through Rural Utilities to teach utility workers and contractors how to properly and safely join together polyethylene pipes and fittings.

- The Federation had a modern, life size regulating, metering, and odorizing (RMO) station built and housed at the Federation Centre. This training station is used to teach students two levels of the RMO course, as well as a RMO Refresher course.
- The Training Committee works in conjunction with the Federation in the development of best practices for training. It recommends courses that should be offered or developed through the Federation, and works with the O&M Committee on what utility personnel may need to be trained on. The Training Committee is responsible to the Federation Board.

Easement Services

The purpose of the Easement Program is to facilitate compliance of the requirements under the Gas Distribution Act requiring registration of an easement for all lands on which a rural natural gas system is constructed. The Program is conducted in two stages.

The first stage comprises of an easement research, preparation, and registration service that assists distributors prior to construction in identifying lands requiring an easement, preparing the document for the distributor, and registration of the document once signed by the landowner.

Services under the first stage are provided on a fee-for-service basis.

The second stage of this service is to conduct post construction audits to verify that the lands crossed by the pipelines have the necessary easement on title. If an easement is not registered, then an easement document is prepared for the distributor and registered once returned completed.

Acquisition of all easements is a requirement of eligibility for obtaining grants under the Rural Gas Grant Program.

Quality Assurance Program

The purpose of the Quality Assurance Program is to ensure that the pipe that is manufactured for Alberta's rural gas distributors meets the standards set by the Canadian Standards Utility (CSA) for the natural gas distribution industry. This is accomplished through visual inspections of the pipe production process and by examining test pipe samples for compliance with set standards.

The standards set by the CSA are intended to ensure that pipe is safe for use in gas distribution systems.

Costs to administer this program are charged out to distributors based on pipe purchases.

Technical Safety Program

The purpose of the Technical Safety Program is to contribute to the development of national and provincial standards for the safe design, construction, operation, and maintenance of Alberta's natural gas distribution industry. This is achieved through participation on various national Canadian Standards Utility committees specifically created to examine new developments and practices in the industry.

In addition, the Technical Safety Program works in partnership with rural gas distributors to develop and maintain a comprehensive "Guidelines for Operations and Maintenance Practices in Alberta Natural Gas

Utilities" manual that incorporates "best practices" for the design, operation and maintenance of natural gas distribution systems that reflects the CSA and provincial standards as the minimum standard.

Costs are covered as part of the administrative costs allowed under the grant program.

Alberta Odorant Services (AOS)

Alberta Odorant Services is a registered tradename under the Federation for our odorant delivery service. In 1998 when the Nova RMOs operations were assumed by the Federation members, Gas Alberta Inc. acquired Nova's odorant delivery assets and transferred title to the Federation. Gas Alberta Inc. funds the operation through the variable rate and the Federation administers the operation.

Three Member Utilities, Bow River Gas Co-op Ltd. (Vauxhall), Smoky Lake County (Smoky Lake), and East Smoky Gas Co-op Ltd, (Crooked Creek) currently deliver odorant to approximately 500 RMO stations. Bow River Gas Co-op Ltd. maintains the primary storage facility of approximately 25,000 liters and Smoky Lake County and East Smoky Gas Co-op Ltd. have secondary storage of approximately 7,500 liters.

AOS has expanded odorant delivery to non-member organizations to better utilize assets and subsidize core delivery costs. Odorant delivery includes bulk tank filling and small bottle delivery.

Rural Gas Program

What is the Rural Gas Program?

The Rural Gas Program refers to a province-wide program, which provides natural gas to consumers in rural Alberta. It includes enabling legislation, inter-related local and central organizations, processes, and funding to enable the purchase, distribution, and resale of natural gas to local gas co-operatives, municipal and other utilities (and thereafter to local consumers) in rural Alberta.

The Federation is the administrative organization for Alberta's Rural Gas Grant Program. Through this program, all eligible rural gas utilities can apply for grant funding to offset the cost of constructing new rural agricultural and domestic services as well as some capital improvements to provide greater system efficiencies.

The Grant Program is a partnership between the Federation and Alberta Agriculture and Forestry. Alberta Agriculture provides the funding for the grant, which is then disbursed by the Federation following the rules and procedures as agreed to between Agriculture and the Federation.

The Rural Gas Grant was a key part of the 1973 Rural Gas Program and remains a significant factor in keeping the cost of natural gas service to Alberta's rural residents and agriculture community affordable. Under the formula, a homeowner or farmer pays the first portion of the cost of installing a new service. If the average cost of all eligible services exceeds an annually predetermined threshold, the costs above the threshold become eligible for grant support with the grant program paying for 75% of the costs above the threshold. If the cost of the service is more than $30,000, the costs above $30,000 are ineligible for grant support.

History of the Rural Gas Program

By the early 1970s, approximately 25 small gas co-ops were in operation, providing service to about 20% of rural Albertans. The remaining rural consumers continued to burn propane, fuel oil, wood, or coal – fuels that were expensive and often unreliable and inconvenient. The Rural Gas Program was unveiled on April 30, 1973, by its creator Roy Farran, a Calgary Member of the Legislative Assembly and Minister of the Department of Telephones and Utilities.

In May 1973, the Government of Alberta introduced the Rural Gas Act, which initiated the Rural Gas Program, with a mandate to extend gas service to agricultural areas and small communities throughout the province at a reasonable cost. The co-operative model was chosen by the Government due to its success in other rural programs, such as the Rural Electrification Association (REA). The Rural Gas Program involved establishing franchise boundaries to ensure that each utility had a minimum consumer base. Rural gas distributors were given the exclusive right and responsibility to offer service, where economically feasible, to all potential rural and urban residential customers who did not have natural gas service prior to 1973.

The Rural Gas Program led to rapid growth of gas distribution systems throughout the 1980's and 1990's, and natural gas became the heating fuel of choice for rural Alberta consumers. Rural Albertans began to enjoy the many benefits and economic advantages provided by natural gas for such purposes as domestic heating, farming, ranching, irrigation, grain drying, greenhouses, and sawmills.

The Program was intended to satisfy the government plan to fight rural de-population by bringing natural gas to every farm at a reasonable cost. The Program was to assist the construction of gas distribution systems and assist gas distributors with higher costs associated with serving sparsely populated rural areas.

Initially, the program offset approximately 60% of rural gas distributor's costs of construction, and highlighted the effort to make gas available to all Albertans who could be reached for (at the time) $3,000 or less. Formulas and costs changed over time, but the program still focuses on providing grants to help offset construction and upgrade costs.

A key facet of the program was that rural Alberta was divided into gas franchise areas with limits determined by population density, municipal boundaries, and natural obstacles. In these franchise areas, only the local gas distributor has the right to distribute natural gas to ordinary residential and commercial customers.

Under the Program, rural Albertans were encouraged to form co-ops, apply for franchise areas, and construct natural gas distribution systems. The Provincial Government, through the Rural Utilities Branch of the Ministry of Telephones and Utilities, assisted the co-ops by providing capital and technical assistance. The program also included special grants to cover the costs of transporting gas to remote areas. As the gas distribution network grew, people who wanted gas service paid a fee to be connected to the system. This fee included the shared costs of bringing gas to a metered location on the property.

The Program now serves customers with over 100,000 km of pipe covering an area 1200 km long and 600 km wide. The pipeline infrastructure developed under this program constitutes the largest rural gas system in the world.

Program Funding (grants)

The purpose of the Rural Gas Grant Program is to financially support rural gas distributors on a cost-sharing basis to facilitate the construction of individual gas services and upgrades of related gas utility infrastructure including pipelines and regulating, metering, and odorization facilities (RMO). The focus of the program is expansion of the natural gas system for rural domestic and agricultural consumers, ensuring continuation of supply and safe design, construction, and operation of the distribution system.

The Federation administers the Grant Program on behalf of the Province and is provided a portion of the funding to cover the administrative cost of delivering this program.

The Federation issues gas grants directly to the distributor, which uses the monies to reduce the customer's share of costs. The size of the grant and the customer's share varies from franchise to franchise, based on the number of services and projects constructed and the related costs.

Relationships within the Rural Gas Program

The Rural Gas Program is made up of several interacting parts, each with a different function. The four main parts are Provincial Government, Federation of Alberta Gas Co-ops Ltd., Federation Member Utilities and Gas Alberta Inc.

The Provincial Government, through the Rural Utilities Section of Alberta Agriculture and Forestry provides funding for the Rural Gas Grant Program, Easement Services, and Pipeline Quality Assurance. It sets the

standards for the design, construction, operations, and maintenance of rural gas distribution systems. The Federation's role is to administer the Provincial Government's Rural Gas Grant Program, Easement Services, and Pipeline Quality Assurance. The Member Utilities develop, construct, and operate rural natural gas distribution systems in accordance with the standards set out by the Rural Utilities Section. Gas Alberta Inc. acts as the broker to acquire and sell natural gas to Federation Member Utilities.

Other Government Bodies

Alberta Agriculture and Forestry –Rural Utilities

Rural Utilities is responsible for ensuring the safe and orderly development of natural gas distribution systems, conducting technical reviews, issuing approvals, development of policy issues respecting rural gas utility operations and business practices, and the regulation of gas co-ops.

Jurisdiction over gas distribution systems is shared between two Government departments determined by the delivery pressure. Lines carrying pressures up to and including 689kPa (100psi) are the responsibility of Rural Utilities. Lines carrying pressures in excess of 690kPa (100psi) are regulated by the Alberta Energy Regulator (AER) of Alberta Energy.

Alberta Energy – Alberta Energy Regulator (AER), Alberta Utilities Commission (AUC)

- The *Alberta Energy Regulator* is responsible for the regulation of a safe, responsible, and efficient development of Alberta's energy resources and the pipelines and transmission lines that bring those resources to their consumers.
- The *Alberta Utilities Commission* (AUC) is responsible for regulating investor-owned natural gas, electricity, and water utilities to ensure that customers receive safe and reliable service at reasonable rates. Memberships of the Federation are exempt from regulation and therefore set their own rates as owners of the system.

Municipal Affairs

Municipal Affairs is charged with managing the linear taxation of pipelines and infrastructure in the province. In the 1990s, there was considerable effort put into exempting co-operatives from the legislation that enforces linear taxation, with the thoughts that it was punitive for not-for-profit community-run organizations to have to pay taxes to other stakeholders within the community. After a successful challenge, the Municipal Government Act was amended to take these considerations into account. Within Municipal Affairs, under the Assessment Services Branch, assessments are prepared for all linear properties including oil and gas wells and pipelines, electric power systems (generating, transmission and distribution), telecommunication systems (including cellular telephone systems), and cable television systems.

Assessment is the process of placing a dollar value on a property for taxation purposes. Property taxation is the method of applying a tax rate to a property's assessed value to determine the taxes payable by the owner of that property. Property taxes are a main source of revenue for Alberta municipalities.

The cost of linear assessment services is recovered from municipalities. Other services include advice and support to stakeholders on linear property standards, procedures, guidelines, and well drilling tax information.

In the case of rural gas co-operatives as they relate to the Municipal Government Act, only pipelines that serve communities over 500 permanent full-time residents, or pipelines that serve commercial consumers over 10,000 GJs per year are taxable. The tax is paid from the source or RMO to the consumer over 10,000 GJs per year or the community over 500. Consumers that are engaged in

agriculture or those directly related to farming are currently exempt from this legislation, no matter the consumption.

It is important to be aware of the taxation issues that surround linear property taxation. There have been problems in the past with incorrect taxation. In the old Municipal Government Act, all linear property within a gas co-op or municipal-owned gas system was exempt from assessment. In the current Act, it is no longer exempt from assessment, but is still exempt from taxation – assessed as non-taxable status, with the exception of linear property feeding an industrial customer or a municipality over 500, which is now taxable.

Service Alberta – Utilities Consumer Advocate (UCA)

The *Utilities Consumer Advocate* (UCA) was formed to provide a vehicle for consumers to mediate disputes between consumers and utility companies. Federation member complaints are typically dealt with by the Federation office and ultimately by Rural Utilities Section, if mediation has not been achieved.

Measurement Canada

Measurement Canada is a Federal Government agency that is entrusted to administer the rules and regulations under the Federal Government's Electricity and Gas Inspections Act. Measurement Canada ensures that gas utilities are following the regulations properly and makes recommendations to the gas utilities on how to correct situations where the regulations are not being implemented properly. They are also the customer's last resort to settle any measurement disputes between the customer and the utility.

In 2007, Measurement Canada granted the Federation accreditation to perform inspections pursuant to the Electricity and Gas Inspection Act. This accreditation allows the Federation Measurement Department to do field inspections and certification of the automated meter readers (AMR) in the RMO stations throughout Alberta.

In 2010, Measurement Canada granted the Federation accreditation to install in the field automated meter readers on residential meters. Member Utilities are able to install these through the Federation's accreditation. The Federation teaches installers on Measurement Canada requirements and the proper process of installation. It is important for Member Utilities to follow these requirements and processes as a failure to comply may result in the Federation losing this accreditation.

Gas Alberta Inc.

History of Development

Gas Alberta Inc. (GAI) has provided a secure and economical supply of natural gas to rural utilities in Alberta for over forty years, first as an agency of the Alberta Government and later as a private corporation.

Prior to the creation of Gas Alberta, securing a steady, reliable supply of clean, dry gas had proven difficult. Co-ops with gas supplies were sometimes plagued with "bad" gas containing hydrogen sulfide (H2S). Individually, co-ops were much too small and did not use enough gas to interest a gas producer. The government recognized the complexities of the gas supply industry and the difficulties that the small gas utilities might encounter in negotiating and securing a reliable and economical supply of natural gas. In 1973, the Government of Alberta passed legislation that established Gas Alberta as a division of Alberta Utilities & Telephones to manage gas supplies on behalf of the rural utilities. As a natural gas aggregator for a large number of utilities, Gas Alberta could negotiate favorable gas contracts with suppliers, and ensure that rural gas distributors and their customers received year-round gas supplies at a reasonable cost and a common price. Gas Alberta also provided various pipeline systems, and operational assistance for gas measurement and station operations. Gas Alberta managed the rural gas supply network and hired operators to look after the RMO Stations.

In the 1990's, the Alberta Government began privatizing its non-core functions, including Gas Alberta and the transition of Nova-operated RMOs. In 1997, the Federation Membership supported this initiative and agreed to become the shareholders of a new entity. Gas Alberta Inc. was incorporated as a private company with Federation Member Utilities as its shareholders. It commenced operations in Calgary on July 1, 1998 and operates on a not-for-profit basis by returning any income or recovering any losses from its customers through its monthly gas rates and annual variable rate.

Mandate and Services

The nature of Gas Alberta Inc.'s business is outlined in its Articles of Incorporation:

a) The purchase, sale, and exchange of natural gas.
b) Acting as a broker with respect to the sale and purchase of natural gas.
e) Providing funding for the delivery of odorant to member RMOs through Alberta Odorant Services, a trade name of the Federation of Alberta Gas Co-ops Ltd.
f) Providing funding for emergency gas supply through four compressed gas supply trailers stationed at three member utilities across Alberta.

Gas Alberta Inc. operates, similarly to the gas co-ops, on a non-profit basis. That is, Gas Alberta Inc. sells to its shareholders (the gas co-ops and others) based on a forecasted-pooled rate. Any differences of actual costs versus billed amounts are either recovered from or returned to its customers through revised billing rates or refunds.

In addition to managing and securing gas supplies, Gas Alberta Inc. provides operational assistance to its customers for gas measurement and billing, meter station operations, and contract negotiations.

GAI contracts with over thirty suppliers for annual gas supplies of approximately 30,000,000 GJs (30 PJs). Their gas supply portfolio includes indexed supplies, short- and long-term contracts, and a prudent hedging program. GAI is the brokerage through which Member Utilities purchase natural gas. GAI is responsible for pooling costs and making wholesale purchases. The gas is then re-sold to individual Member Utilities.

Gas Alberta Inc.'s Board is made up of six directors elected at large, and two directors from the Federation Board of Directors. Although the shareholders of Gas Alberta Inc. are entirely made up of Federation member Utilities, it is a distinct and separate entity from the Federation.

Gas Alberta Energy

Gas Alberta Energy is a joint venture between Gas Alberta Enterprises (a subsidiary of Gas Alberta Inc.) and Horizon Energy Marketing Limited. Gas Alberta Energy pursues 'niche market opportunities' within Alberta and offers various products and services to producers and end-users. The joint venture focuses on three separate types of services: consumer services (representing Alberta commercial & industrial consumers in the natural gas market), producer services (providing gas control, market, and structured price products to natural gas producers) and marketing services (supplementary services that provide additional margin revenue by optimizing market infrastructure).

Gas Supply Trailers

Gas Alberta Inc. has purchased four emergency compressed natural gas supply trailers to provide natural gas for emergency and scheduled gas outages. Through partnership, the trailers are funded by Gas Alberta, owned through the Federation, and operated by Member Utilities.

3.0 Legislation

A number of pieces of legislation - federal, provincial, and municipal - govern and regulate rural gas utilities.

Statutes define sources of authority, rights, responsibilities and privileges, roles and relationships, standards for performance, and potential sanctions. These may be identified in federal or provincial legislation.

Municipal laws and provisions specific to a local organization also exist in the form of local by-laws and rules.

Directors should be familiar with general provisions of legislation governing rural gas utilities. The Alberta Government passes acts such as the Rural Utilities Act, which sets out general terms for rural utilities. Regulations and Standard By-laws, set or changed by Cabinet, are narrower and more specific, but comply with the Act. Local co-operatives and other utilities are required to operate within the Act and Regulation but may establish their own local by-laws and rules. In any question of interpretation, the Rural Utilities Act supersedes the accompanying Regulation and Standard By-laws, and the supplementary (local) by-laws of any rural gas utility.

To view or print up-to-date legislation, search the free online catalogue at www.qp.alberta.ca.

Statutes – General Structure

Co-ops will have applied to form a local organization by submitting a Memorandum of Utility to government. This document states the purposes, powers, and other broad terms and conditions of the venture. Once approved, a Certificate of Incorporation will have been issued by the Province of Alberta.

Each rural gas utility will also have supplementary (or local) by-laws. These are specific to the individual utility and set out the rules by which the organization will operate. The Rural Utilities Director must approve the supplementary by-laws and any amendments made to them. These by-laws may alter or elaborate on a Standard By-law but must not contradict the Rural Utilities Act.

Rural Utilities Act

The Rural Utilities Act applies to every rural gas utility formed in the Province of Alberta. Rural Utilities administers the provisions of this Act including amalgamations, supplemental by-laws of rural gas utilities, and the overseeing of the business affairs of the rural gas utilities.

Section 15 of the Act states the powers of elected boards of directors:

> (1) “The directors have the general direction and supervision of the affairs and business of the utility.
>
> (2) The directors may, by resolution, appoint managers and other officers that they consider necessary for the conduct of the affairs and the business of the utility and may define their duties and fix their renumeration.

(3) Meetings of the directors shall be held at times prescribed by by-laws, by not less than once every 3 months.

(4) A director who is party to any legal proceedings against the utility is not entitled to vote or be present at any part of a meeting of the directors when the subject-matter of the legal proceedings is under consideration."

Furthermore, Section 27 of the Act states the authority of the Minister:

(1) "When it appears to the Minister from a report of the Director, made after investigation, that the affairs of the utility

(a) are being mismanaged,

(b) are not being conducted in accordance with the co-operative principles, or

(c) are being conducted on an unsound basis,

The Minister may do all or any of the things referred to in subsection (2)

(2) If subsection (1) applies, the Minister may do all or any of the following:

(a) appoint the Director as the official director of the utility;

(b) direct the Director to call a general meeting of the utility;

(c) cancel the incorporation of the utility."

Rural Utilities Regulation and Standard By-laws

Rural Utilities Regulation

This Regulation is pursuant to the Rural Utilities Act and provides more operational details than covered in the Act. The Regulation provides guidance on issues such as the application of the Standard By-laws, managing reserve funds, amalgamations, membership qualification, and functions, duties, and appointment of the utility's auditor, as well as 3 related Schedules.

Rural Utilities Standard By-laws

Section 3 of the Regulation identifies the by-laws listed in Schedule 3 as the Standard By-laws that apply to all utilities incorporated in the Province of Alberta under the Act and Regulation. These by-laws define requirements such as holding annual general meetings, quorum, voting powers, composition and election of the board, and powers and duties of the board, among others.

Gas Distribution Act

This Act provides for the setting of standards for the design, construction, operation, and maintenance of rural gas utilities, as well as low-pressure distribution systems. This Act also provides for the issuance of rural gas franchise areas, which give distributors the exclusive right to provide gas service to all potential customers.

Standards

In addition to being bound to the specific provincial acts and regulations, the Federation of Alberta Gas Co-ops Ltd. and any gas distributor must observe several national standards, as set forth by the Canadian Standards Association (CSA). The standard adopted by the Rural Utilities Section is the Canadian

Standards Association (CSA) national standard Z662 for utility distribution systems. CSA standard B149 addresses the issues related to connections to meters and regulators within the system.

4.0 Governance

Overview

Rural gas utilities have been organized as customer-owned utilities. These are community-based, primarily co-operatives, First Nations, and municipal groups, and are made up of local people who direct, manage, and service the rural gas system. (*This section will focus primarily on co-operative systems, however the recommendations herein could apply to First Nations or municipal gas utilities.*)

Co-op members elect the board of directors to oversee the operation of the co-op. The board hires a manager to oversee and direct the administration and operational staff.

The co-op Board is the governing authority of the organization and is responsible for directing, influencing, and monitoring the organization's business. It maintains sound corporate governance practices and commits to instituting policies, procedures, and organizational structures that best serve the interests of the Company and its customers.

The Federation Board of Directors is different than a co-op's. The Federation Board's role is to oversee, on behalf of its Members, the direction, viability, and success of the organization. The Board meets on a regular basis to conduct and process the affairs of the Federation. It also establishes good working relationships with boards/councils of the various Federation Member Utilities.

The Federation Board principally focuses on policy, direction, financial matters, industry issues and ensuring that Member Utilities have access to quality products and services. The long-term viability of the Federation is a major responsibility with respect to the changes that are occurring in the marketplace. Like co-ops, the Federation Board appoints an Executive Director to manage the day-to-day affairs of the Federation and establishes committees to provide effective governance of the organization.

Vision and Mission Statements

Vision and Mission statements are intended to be short, concise statements that reflect the values and purpose of your organization. When a person reads these statements, they should get a true impression of what your organization is and strives to achieve. Typically, these statements are included within the organization's strategic planning, and may also be used publicly to showcase your organization's values.

Vision statements should be inspirational and evokes an emotional response. It is a guide that describes the highest aspirations of the organization. While it does not provide a plan to achieve the aspirations, it serves as a guiding principle that filters down to all aspects of the organization.

Mission statements describe the purpose and the goals of the organization. It will tend to focus more on what the organization does and what it values as its chief objectives. It needs to be clear, focused, and concise. When developing a mission statement, consider trying to answer the following questions:

- What do we do?

- How do we do it?
- Who do we serve?
- What value do we bring?

A mission statement that answers these questions within a single line of text will help people better understand the organization and its purpose.

Organizations may also consider Mandates. While Vision and Mission statements tend to be very broad, there is more allowance to get into some detail in a Mandate. It will provide more specifics about what the organization actually does, and can list many different aspects of the organization. Ultimately, it should support the Mission statement in describing how the organization fulfills its Mission.

There is no right or wrong way to put together Vision and Mission statements and Mandates. It is found that these statements will grow and evolve over time as the organization itself grows and evolves. When annually reviewing the organizations strategic plan, it is helpful to review the Vision and Mission statements and the Mandate to determine whether it still meets the current state of the organization or where it hopes to be. You may even want to consider reviewing it at the start of strategic planning, and again at the end to see if they still reflect the discussions or changes that may have come from the strategic planning process.

Every organization will have different statements, and it is alright to not have them at all. It is something up to each and every organization. They can also be difficult to write. As a way of example only, below are the Federation's Vision and Mission Statement and its Mandate.

Vision

Supporting the Success of Co-operative and Community Member Utilities.

Mission Statement

To provide leadership, supports, and services to Member Utilities.

Mandate

- To promote and further the common interests of its members.
- To make representation to Provincial & Federal governments and regulatory bodies on behalf of the members.
- To develop desirable policies that is in the best interest of Member Utilities.
- To keep members apprised of current legislation, regulation, and technology and to provide assistance that ensures the safe and efficient operation of the gas systems.
- To monitor the operations of the members and encourage safety in all respects of gas service.
- To make available comprehensive general liability and all other necessary insurance coverage.
- To make available a pension plan and employee benefits plan for member utility employees.
- To provide other services as required or requested by the membership.

Board Structure (see Rural Utilities Act)

Recruitment and Election

One of the governance responsibilities of the board is to provide continuity of the board. It is important to provide for orderly recruitment of director candidates for elections, and for director and board development.

Recruitment

Selection of directors is perhaps the single most important thing that Member Utilities do. Nominations and elections can have a serious impact on any organization.

Candidates selected should be interested in the position, be knowledgeable of the utility's operations, and be willing to attend all meetings.

- Boards should look at their makeup and identify the skills or characteristics that may be useful to improve the board.
- Boards should consider appointing a nominating committee to officially select and nominate a slate of candidates.
- Some utilities pass a by-law that would require advanced nominations rather than nominations from the floor.
- Directors may be nominated by area or zone within the utility's franchise area. However, the method of election rests with each individual utility and must be identified in the supplemental by-laws of that utility.

Election

Steps must be taken at annual or special general meetings where an election is required to identify eligible voting members. Ballots should be prepared prior to the meeting and are distributed only to eligible voters. The chairperson should appoint a non-member in attendance to act as the scrutineer and to count ballots. It is a good practice that if the utility's financial auditor or legal counsel are due to be in attendance that they be appointed as scrutineers so long as they are also a non-member.

There are several methods by how nominees could come to a general meeting: Through a nominating committee, through advanced notice of nomination, or nominations from the floor.

If there is a nominating committee, the committee will present their nominees to the meeting, give a brief resume on each candidate, and shall clearly indicate that the committee is officially nominating their selections for the position of director. Nominees cannot come from the floor unless the utility posted otherwise. All nominees should be allowed a brief time to speak on their own behalf.

If the utility requires advanced notice of nominations, the Chair of the meeting will present the names of all nominees that have provided advanced notice. All nominees should be allowed a brief time to speak on their own behalf.

If the utility does not have a nominating committee nor require advanced notice of nomination, then nominations can still come from the floor. A member in good standing of the utility should be prepared to nominate the person and the nominee has to accept the nomination. The Chair of the meeting will need

to request for nominees at least three times before entertaining a motion that nominations cease. Once nominations cease, all nominees should be allowed a brief time to speak on their own behalf.

There are some important topics for Boards to consider prior to director nominations. The Board should reflect the community, and should have the appropriate skill sets to oversee a natural gas utility (for instance, having a director with experience with natural gas, or a director with experience in finance, etc.). A Board should consider diversity on the Board, including gender, ethnicity, skill set, etc. A nominating committee can help to assess nominees for selection to the Board to get a level of diversity. Another method is to develop a nomination package describing the time commitments, workload expectations, and type of skill sets that may be useful to a utility board.

All votes should be by secret ballot. All members in good standing present shall have a vote on every ballot. If a member contract is in joint names, only one may vote and must be registered before voting. In the instance where there is joint member ownership of two contracts, one member may vote for one contract, and the other may vote for the second contract. If the joint ownership members have more than two contracts, voting is limited to only two contracts.

Note: in cases of a vacancy created on a board prior to the annual meeting, the remaining directors may appoint a member in good standing as a director. That appointed director will hold office until the next general meeting of the utility

Board Structure

Size of Board

In determining the optimum number of Directors, consideration is given to the impact that the utility's future plans will have on the board's responsibilities. Typical utility boards are comprised of 5, 7, 9, or 11 directors depending on the size of the operation. A mandate for a governance committee may include reviewing the board's size and composition and making related recommendations to the board. If the board agrees that a change in the number of directors is warranted, a resolution will be presented to the members for their review and approval.

Terms of Directors

It is recommended that directors should not be limited to a set number of terms on the board. Such a limitation could result in the loss of directors who have developed valuable insight into the utility and its operations and provide important contributions to the board.

When standing for re-election to the board, directors should consider whether they are able to provide the necessary time commitments and have appropriate skill sets to effectively serve on the board based on the utility's future direction and initiatives.

Directors usually serve on the board for a 3-year term with annual elections held to replace one-third of the board's membership.

Officers of the Board

Each board will appoint or elect certain people as Officers of the Board. These officers have specific duties to ensure proper governance of the utility. The board appoints or elects a chairperson/president, a vice-chairperson/vice-president, a secretary, and a treasurer (or a secretary-treasurer). Depending on the size of the board, it may be recommended to appoint/elect two vice-chairpersons/vice-presidents. The board also appoints a Manager (the title may vary) to look after the day-to-day operations of the utility,

and may delegate board authority to the Manager. These positions are known as the Officers of the Board.

Chairperson/President

The chairperson/president acts as the presiding officer of the board, with the following primary duties:

- To provide leadership to enhance board effectiveness, to ensure board and management responsibilities are well understood, to ensure the board works as a cohesive team, and to ensure that resources are available to the board to support its work.
- To manage the board, to set the board agenda, to adopt procedures, and to delegate work to committees.
- To act as a liaison between the board and management.
- To represent the organization to external groups.

The chairperson/president must accept the following responsibilities:

- Act as chairperson at board and at all general meetings of the utility.
- Hold signing authority.
- Act as an ex-officio member on all standing committees.
- Communicate and ensure the implementation of policies of the board.
- Be responsible for the agenda for board and executive committee meetings.
- Familiarize new board members with their duties and responsibilities.
- In the event of an emergency, be prepared to act and interpret policy, to assist management or staff to enable them to perform their duties effectively.
- Present the board report of the activities of the utility at the annual meeting.
- Act as official spokesperson.
- Represent the utility to government, the community, and other utilities.
- Call special meetings, as necessary.
- Vote on any question but does not have a casting vote in the event of a tie.
- Relinquish the chair if they wish to enter a debate or actively speak on motions.
- Have the same rights and responsibilities as any other director.
- Understand, apply, and follow parliamentary procedure.

The primary role of the chairperson is to conduct the business of the board, while acting as the voice of the board of directors, in support of the organization's mission. The chairperson generally, on behalf of the board, gives direction to the Manager.

This position is not a full-time operating one, but one that interfaces with the various stakeholders, to foster the goals and position of the utility. The chairperson is the main contact with respect to industry-wide matters affecting legislation and its implementation.

The chairperson, on behalf of the board, leads the utility at all official functions and meetings of the members. They communicate with the members on policy matters, critical issues, opportunities, fees, and strategic direction.

Vice-Chairperson/Vice-President

- Assumes the duties of the chairperson/president when requested or when the chairperson is absent or late.
- Assumes the chair if the chairperson wishes to debate a motion.

- Generally supports and advises the chairperson on operations and critical issues.

Secretary

- Ensures accurate minutes are taken and distributed to board members.
- Responsible for safekeeping of the Memorandum of Association and Certificate of Incorporation, and for updating the Supplemental By-laws with Corporate Registries.
- Notifies the board of directors of regular meetings.
- Notifies all members of the annual and special general meetings.
- Holds signing authority.
- Responsible for the correspondence of the utility.
- Ensures the filing of required documents and ensures safekeeping of all documents.
- Responsible for up-to-date membership list.
- *Position duties may be delegated to staff or other person external to the board*

Treasurer

- Ensures the management of the utility's finances and reports either directly to the board of directors or through a finance committee.
- Maintains all bank accounts, supervises all financial transactions, monitors the organization's budget, reports to the board of directors and general membership on finances, and prepares any required financial reporting forms.
- Responsible for the safekeeping of the seal of the utility.
- Responsible for the preparation of financial statements for the board within 120 days after fiscal year end.
- Responsible for accurate and timely payment of accounts.
- Responsible for all accounts receivable.
- Responsible for monthly bank reconciliations.
- Advises on budget preparation.
- Must be bondable.
- *Position duties may be delegated to staff or other person external to the board*

Manager

The Manager is generally responsible for the operation and administration of the utility and providing quality and cost-effective services to the members. The Manager's role encompasses building positive relationships in the member community and with various stakeholder groups to facilitate the organization's mission and its goals.

Day-to-day challenges and problems within the membership at large will be handled by the Manager. When necessary, these issues may be presented to the board for attention and deliberation.

The Manager develops and manages the budget as approved by the board and implements the business plan. The Manager must be attentive in identifying and bringing important emerging issues to the attention of the board. The Manager manages all staff resources.

The reputation and the image of the utility will be influenced by the behaviour and the credibility of the Manager and staff. A positive, progressive image is desired and public relations should be pursued to accomplish the organization's objectives.

More specifically, the Manager is responsible for:

- In conjunction with the board, to develop and implement the Strategic Plan, the Business Plan, and the budget.
- To provide cost-effective and quality services to the membership.
- To interface with key stakeholders to advance the goals of the utility.
- To establish strong communication ties with the members of the utility.
- To manage the day-to-day affairs of the utility.
- To manage the resources of the utility, including all its employees and external resources.
- To participate in various committees in accordance with the governance policy.

Effective Meetings

All participants should be well prepared, punctual, and professional in relating to each other.

An agenda serves as a roadmap for what will be discussed at the meeting. It should be organized in a logical sequence dealing with historical items first and issues for discussion and decision later.

Meetings should be conducted in accordance with parliamentary procedure. A certain degree of informality can be productive. Formality, however, helps to expedite business, aids in communication, and brings greater order to meetings.

Minutes of meetings are the official records of the proceedings and decisions of the board. Minutes should be reviewed and approved at subsequent meetings and kept in an official minute book. Any member can inspect minutes of annual general meetings. Minutes of regular board meetings are confidential. Accurate notes made at the meeting vastly improve the minutes. The minutes should record the decisions made at the meetings and not be a verbatim report.

Directors must have assurance that the meeting discussions and information will be treated confidentially.

Annual General Meeting

The annual general meeting (AGM) is an opportunity for members to receive reports, to discuss the future of their utility, to appoint an auditor, and to elect their representatives to govern the utility.

- The AGM must be held within 120 days after the conclusion of each fiscal year of the utility.
- At least 10-days' notice must be given to members.
- Quorum consists of not less than 10% of the members. If less than 10% of members are present, the chair may entertain a motion from those present that they constitute a quorum and are empowered to transact the business of the meeting.
- All reports must be adopted by motion and require a seconder.
- The utility's membership list should be cross-referenced to verify member/voter eligibility.

Board Responsibilities

What are your primary responsibilities as a Director? A list of the responsibilities undertaken as a director in setting policy and strategy.

The board is responsible for the governance of the utility through monitoring of the utility's conduct and operations. Management is responsible for the day-to-day business and carrying out board-approved strategies and initiatives.

The board and its members will, at all times, act in good faith and in the best interests of the utility and its customers. The board's actions will be conducted in accordance with the same proper business practices and high ethical standards that are expected of utility staff.

The fundamental mandate of the board of directors is to represent the interests of the members and to provide effective stewardship or care on the member-owner's behalf. The board shall direct and protect the affairs of the business of the utility.

Functions/Roles of Boards of Directors

There are a number of different types of board governance that directors will be required to participate and provide input in.

Framework Governance – planning for the future through the development of a mission, vision, mandate, and strategic plan.

Board Self-Governance - defining how the board will fulfil its legal mandate as defined in its objects and by-laws, including how the board will organize itself to get its work done, how the board will govern, and the board's relationship to its members and community.

- process for policymaking
- governing style
- process for annual or special general meetings
- recruiting, selecting, orienting, training, and evaluating board members
- roles, responsibilities, and functions of the board, board members, and committees
- code of conduct
- officers' roles

Operational Governance – directing the organization's programs, services, personnel, and financial resources.

Advocacy Governance – securing the community's and government/policy makers' support for the organization's beliefs, vision, mission, and long-term direction.

Corporate Governance – mandating the way in which the utility makes decisions, including lines of authority, and processes for legally-binding decision-making.

Responsibilities of Boards

The Board approves the short- and long-term goals of the utility identified in the strategic planning process and oversees the progression of these plans.

Board members must understand the principal risks that impact the utility's operations to effectively monitor them. Risk management functions include identifying and evaluating risks, establishing a comprehensive risk strategy program, and monitoring risks and taking remedial action if necessary. This is managed through strategic planning, operational reviews, controls, systems, policies, procedures, legal compliance, and financial reporting.

As the Board is not involved in the utility's daily operations, the board's governance function includes establishing and monitoring the utility's internal controls and information systems. These controls and

systems safeguard assets and assist management in carrying out its responsibilities. The board maintains the following controls:

- Effective information systems and appropriate financial and operational controls.
- An annual external audit to verify the integrity of the utility's financial statements, and their compliance with Canadian generally accepted accounting principles.
- Systems for monitoring and evaluating corporate strategies and decisions.
- An effective approach to corporate governance, based on recommendations from a Governance Committee.

The fundamental role of the board is stewardship. The board is responsible for supervising the management and the affairs of the utility. In carrying out their stewardship responsibly, directors explicitly assume responsibility for the following matters:

- Adoption of a strategic planning process.
- Identification of the principal risks of an utility's business and ensuring the implementation of appropriate systems to manage those risks.
- Succession planning, including appointing, training, and monitoring senior management.
- A communications policy for the utility, and the integrity of the utility's internal control and management information systems

Specific duties of the board of directors, categorized under ten key areas of board responsibility:

1. *Membership*
    - To consider and approve applications for membership
    - To maintain a current registry of members
    - To communicate with members
    - To convene an annual meeting of members
    - To report on the organization's performance
    - To engage an auditor on behalf of members and present audited financial statements to members at the annual general meeting
    - To expel members
2. *Planning and Development*
    - To plan for the future of the utility
    - To ensure and oversee a strategic planning process
    - To establish objectives and policies for the guidance of management and members
    - To approve organizational plans and an annual budget
3. *Financial and Material Resources*
    - To safeguard and approve changes in assets
    - To review and approve the utility's annual budget
    - To ensure that adequate financial records and board meeting minutes are kept
    - To approve rates, contract prices, membership fees, and/or levies
    - To review and monitor the utility's actual financial position relative to the annual budget
    - To establish expenditure procedures
    - To ensure proper insurance coverage to protect the utility from third party liability and property losses

- To allocate surplus earnings remaining in the hands of the utility at the end of the fiscal year in accordance with the Standard By-laws and the utility's Supplemental By-laws
- To maintain a reserve fund for the replacement, extension, or increase in capacity of its works

4. *Services, Products, and Programs*
    - To establish policies and procedures
    - To establish and promote membership services
    - To devise and implement a communications plan
    - To negotiate and enter into contracts with stakeholders
    - To ensure the safety of the system, of its employees and the members
    - To establish procedures to be followed in emergencies
5. *Human Resources*
    - To recruit, select, and hire a manager
    - To provide benefits and insurance for directors, officers, and employees
    - To define the job of management
    - To set schedules for compensation (salaries) of management and staff
    - To ensure that proper safety practices are followed
    - To provide reasonable working conditions
6. *Corporate Governance*
    - To provide for continuity of the board by ensuring there are candidates for vacancies
    - At the first meeting of a newly elected board, to elect from within itself a chairperson/president and vice-chairperson/vice-president. The board shall appoint, by motion, or elect a secretary and treasurer (or secretary-treasurer)
    - To appoint, by motion, any person as a temporary chairperson in special circumstances
    - To conduct business only when a quorum is present
    - To determine whether to fill a vacant office on the board
    - To meet at least every three months
    - To set governance policies for the board
    - To appoint and establish guidelines for the operation of standing and ad hoc committees
    - To provide for ongoing training and development of directors
    - To understand what constitutes reasonable information for good governance
    - To maintain confidentiality
    - To ensure annual filings are submitted to the Director of the Rural Utilities Section
    - To ensure minutes are kept of all meetings and are treated with confidentiality
    - To adopt and direct the application and use of the corporate seal
    - Where required, to give required notice of meetings to members (minimum 10 days according to legislation)
    - To provide adequate facilities for the safekeeping of all the utility's documents
    - To assess the board's performance
7. *Board Management Relations*
    - Monitor performance and direct the utility
    - To set policy for and receive performance reports from management
    - Assess the performance of management
8. *Legal Compliance*
    - To interpret, plan, and direct the activities of the utility according to municipal laws and relevant provincial and federal acts, regulations, and bylaws
9. *Community Relations*

- To establish and promote the profile of the utility and the other member utilities to the wider community
- To network with other rural gas utilities and with like-minded organizations
- To act as one voice to the government and other public offices
- To respond to government initiatives on behalf of the utility

10. Rural Gas System

- To provide leadership to the utility and to peer organizations
- To promote unity within the rural gas community
- To seek and establish strategic alliances and partnerships
- To appoint delegates to represent the utility at regional and provincial meetings of the Federation of Alberta Gas Co-ops Ltd.
- To appoint local representatives to participate on system-wide committees and working groups

Responsibilities of Individual Directors

Effective decision-making requires that each board member understand their role and is able to bring diversified skills and sound business judgement to the board.

The board and senior management are responsible for setting the ethical tone for the utility and managing the organization in a manner consistent with those standards. Directors act in a position of trust and are expected to act honestly, in good faith, and in the best interests of the utility.

Board members remain independent from management and other parties in carrying out their responsibilities. Directors should exercise due diligence and take responsibility to ensure they have sufficient information and are well prepared to make constructive contributions at board and committee meetings. This includes attending all board or committee meetings, reading and understanding financial reports, participating in approving the annual budget, audit, annual financial report, and financial statements.

Authorized cheque signers assume a responsibility to ensure they are signing cheques that have been prepared following board policy. Expenditures should be approved through a process. Cheque signers do not assume any greater personal liability than other board members do, unless negligence or fraud has been identified. Signing officers should not live in the same household, nor should they be related.

Individual Directors have the following responsibilities:

- Maintain the status of “member in good standing” with the utility.
- Understand the purposes of the utility and whose interests they represent.
- Understand the objectives and strategies of the utility.
- Stay apprised of all issues and situations that arise that may have a serious impact on the utility.
- Be familiar with pertinent terminology, laws, bylaws, acts, and rules and regulations, which govern rural gas utilities.
- Refrain from using one’s influence as a director for special consideration regarding one’s own utility.
- To act and use director authority only within the board acting as a group and in properly convened board meetings, or to act individually only as directed by the board.
- To disclose conflicts of interest and refrain from debating or voting on matters that may affect them personally.

- To maintain confidentiality of deliberations of the board.
- To be alert to all potential conflict-of-interest situations.
- To prepare for meetings, having read minutes, reports, and other relevant documents.
- To attend and actively participate in all meetings of the board. The Standard By-laws of the Rural Utilities Act outlines where a director fails to attend three consecutive meetings of the board, of which they have been fully notified, the board may declare their office vacant. Absence from a meeting does not free a director from responsibility for a decision taken at the meeting.
- To cast a vote.
- To act in a position of trust, acting honestly and in good faith, with the best interests of the utility in mind.
- To exercise care, diligence, skill, and prudence.
- To support and present the single voice of the board.
- To assume liability if either the board or the management of the utility neglects or refuses to pay taxes, wages, or workers' benefits.

Auditor

Members appoint an auditor by a resolution passed at their annual general meeting. The auditor is an independent third party hired to review financial operations and to assure the members that financial affairs are being handled in accordance with generally accepted accounting principles. The auditor's responsibility is to express an independent professional opinion as to the fairness and correctness of the representations made in the financial statements.

Planning

Planning is undoubtedly a key leadership role of the board. It is the first activity to be undertaken before the board can determine services and products, financial and human resource needs, relationships, and working systems. This function is typically shared between boards and management. Planning requires thinking about the utility itself, the business environment, the planners' views of where they want the organization to go, and in broad terms, the strategies of how to get there.

Annual Filings

The incorporation of an utility is granted by the Director of Rural Utilities of Alberta Agriculture and Forestry. The Director has an ongoing responsibility to oversee and regulate the operations of the utilities, for example, to approve supplemental by-law changes, auditors, and amalgamations. The Rural Utilities Act requires rural gas co-operatives to submit information to the Director annually, including:

Document or Form	Time Limit to File with Director
Financial Statements (Annual Return)	Within 120 days after close of fiscal year
Notice of Appointment of Utility's Officers	Immediately after annual meeting
Approval of Auditor	Immediately after appointment
Change of Utility Address	Immediately
Change of Utility Name	Immediately, requires prior approval from Director

Extraordinary Resolution and/or By-law Amendment	Immediately after general or special meeting
Minutes of AGM	Immediately after annual meeting

Change of By-laws

The original or existing supplemental (local) by-laws may be changed, rescinded, or added to at any annual or special general meeting by the members of an individual utility. Utilities should pass supplemental by-laws only when the Standard By-laws are inadequate for a situation. (Proposed by-laws should first be reviewed and approved by the Director of Rural Utilities prior to proceeding as described below.)

Passing supplemental by-laws is done by the following procedure:

1. By-laws may be changed at an annual meeting, providing proper notice has been given, or at a special general meeting called for that purpose.
2. The members must be given at least 10-days' written notice of the meeting or advertisement of the same.
3. The motion is passed by a simple majority (50% of members + 1).
4. The number of members at the meeting must be a quorum as set out in the Standard By-laws.

Extraordinary Resolutions

Occasionally, the utility may be faced with issues that have major implications for members. In these situations, the law protects members by requiring a higher level of agreement among owners than simple majority. Examples of such "extraordinary resolutions" include the sale of works, amalgamation, and voluntary winding up of the affairs of the utility. This type of resolution is also required where the Memorandum of Association is being changed. Passing of an extraordinary resolution requires:

1. Not less than a two-thirds majority of the votes cast at a general meeting for which adequate notice has been given.
2. The members must be given at least 15 days' written notice.

Management

What responsibilities does your Manager have? Defining the operations role of the manager of the utility as compared to the role of the Directors.

Most boards of directors delegate some of their responsibilities to a manager, including:

- Budget and financial planning.
- Initiating and developing policies and programs.
- Providing input for board negotiations on all contractual arrangements.
- Evaluating advantages and implications of all offers for materials or services to the organization.
- Implementing and maintaining continuous programs to meet the board's objectives.
- Researching and developing alternatives concerning unique situations with respect to rural gas service.

- Conducting analysis on industry trends, new technological developments, equipment, product uses, distribution services and other related matters.
- Advising the board on rates for contract issues.
- Performing general office functions and related responsibilities as assigned.
- Attending utility, district, local, annual, and other meetings, as necessary.

To perform these required duties and responsibilities, managers:

- Advise the board in determining objectives and policies for the utility.
- Supervise and be responsible for the day-to-day operations of the utility.
- Assist in the preparation of the annual budget.
- Operate within the approved budget.
- Assist in the preparation of financial and special reports going to the board.
- Consult regularly with the chairperson.
- Report directly to the board of directors as a board, and not as individual members.
- Establish staff salaries.
- Prepare written job descriptions for all other staff.
- Hire, supervise, train, and if necessary, discharge staff (after legal opinion has been obtained).
- Ensure that the staff receive proper training and development.
- Maintain good relations with members and the general public.
- Display a positive image for the utility within the business community.
- Maintain effective coordination with other utilities in the community.
- Promote the utility and encourage new growth.
- Liaise with the utility's legal counsel.

Duty of Care and Fiduciary Obligation

What are your legal obligations as a Director?

Managerial Duty

Pursuant to the Rural Utilities Act, the board of directors of a utility has the "general direction and supervision of the affairs and business of the association". The board has the sole responsibility for the management of the utility, which includes the duty to supervise management staff, provide guidance and policy development, and acquire an adequate knowledge of the business and functioning of the utility. Directors must comply with legal requirements, such as properly maintaining the books, records, and minutes; enacting bylaws; ensuring the proper election of officers; and facilitating the appointment of an auditor by the members of the utility.

Fiduciary Duty – Honesty and Good Faith

The relationship between a director and a utility is a fiduciary relationship, which refers to a person who maintains a position of trust with another. The fiduciary duty of a director is an obligation to act honestly, in good faith, and in the best interests of the utility, and to be loyal to the utility. A director must always act within the boundaries of his or her legitimate authority.

Loyalty and Conflict of Interest

A director must give undivided loyalty to the utility when conducting the business of the utility and must disclose any conflicts of interest.

Duty of Care

A minimum standard of care is imposed on directors in the performance of the duties on behalf of the utility. The standard test of care is what a reasonable prudent person would take in similar circumstances. The director must act honestly, exercise some degree of skill and diligence, and ensure that they have the authority to act in compliance with the provisions of the utility's Memorandum of Association and By-laws.

Duty of Due Diligence

This means that a director must become acquainted with all aspects of the utility, including transaction of business, organizational policies, and delegation of tasks. A director has a duty to stay informed of all events that transpire at meetings, which may be done by reviewing minutes and financial statements.

Under the Rural Utilities Act Standard By-laws, where a director fails to attend three consecutive meetings of the board, of which he has been duly notified, their office may be declared vacant by the board.

Directors are responsible for the effective management of the utility, and it is well within their rights to delegate some of that responsibility. Personal liability may result if delegated activities are inadequately supervised.

Duty of Skill

A director is under no obligation to exercise skills that are beyond their level of competence, and directors are not liable for errors of business judgement.

Duty of Prudence

A prudent person exercises sound and practical judgment and is cautious and discreet in conduct. A director must act in a manner that is both practical and cautious, with a view to anticipating the probable consequences of any course of action that the utility might take. Prudence must be exercised with practicality in mind, not expertise. A level of knowledge a director has is not relevant to their duty of prudence.

Legal Standards for Performance and Liability

Board Members are required to carry out their roles, responsibilities, and functions with a full understanding and appreciation of considerable legal responsibilities that go with the position:

- Non-management – when a board member does not fulfil individual or board responsibilities, such as failing to attend board meetings on a regular basis.
- Negligence or willful mismanagement – when a board member conducts board duties poorly, improperly, or dishonestly, such as poorly managing the organization's finances.
- Conflict of interest or self-dealing – when a board member stands to personally gain from a transaction made by the organization.

The Board must carry out its duties in an ethical and professional manner, including proper use of authority:

- Be loyal to the organization and its members
- Avoid conflict of interest
- Do not exercise individual authority over staff or the society
- Deal with public, staff, etc. in a fair, ethical, and straight-forward manner
- Foster positive working relationships
- Be prepared for and actively participate in meetings
- Maintain confidentiality of Board business
- Speak positively of the organization to the public

Directors and Officers Liability Insurance

Business decisions involve risk and consequences. Directors do not want to risk losses, either of personal or utility assets. Securing Directors and Officers (D&O) Liability Insurance provides comfort that directors will not be subject to these losses. This insurance offers reimbursement/indemnification, where the utility secures against and compensates for injury or damage for which directors could be held liable. Indemnification coverage allows the utility to pay for or reimburse directors and officers for expenses or liabilities incurred in legal actions or proceedings. Some utilities choose to insure not only current directors or officers but include a provision to indemnify former directors. This is because they can be held liable for actions which occurred during their directorships, even after their resignation or the expiry of their term.

The D&O coverage typically covers losses arising from "wrongful acts" of directors and officers when performing their legal duties for the utility. Wrongful acts are defined in the insurance policy and include any actual or alleged:

- negligent acts,
- errors or omissions,
- misstatements or misleading statements,
- breaches of duty, and
- employees wrongfully dismissed.

It is important to note that D&O insurance will not protect directors and officers who knowingly or intentionally act unlawfully or in bad faith.

Several reasons for utilities to consider purchasing D&O insurance include:

- Directors are facing greater scrutiny of their roles and responsibilities, as members demand higher standards of corporate governance.
- Society is increasingly litigious where consumers and clients readily sue. Some examples include:
    a) Lack or improper handling of business affairs
    b) Conflict of interest situations
    c) Failure to supervise the utility effectively, fraudulent reports, improper financial statements
    d) Improper expenditures
    e) Wrongful termination

    f) Discrimination, harassment, etc.
- Directors, officers, and utilities are subject to the scrutiny of regulatory government agencies.
- The broad protection of D&O insurance extends to personal assets of the director or officer, including their spouse's personal assets, and the assets of the director or officer's estate.
- Although it is anticipated that the utility will indemnify many D&O claims, there are several situations when the utility cannot provide indemnification:
    a) utility insolvency,
    b) acts that are against public policy (illegal activity), and/or
    c) lack of adequate provisions in the utility's charter or by-laws.

Directors and Officers liability insurance allows the directors and officers to remain focused on managing the utility, rather than diverting attention to protracted and costly litigation.

Ethical Conduct

Boards and their individual directors are expected to play a key leadership role in the development and maintenance of the utility's values and ethics. Directors must set a positive example, support principled and ethical business practices, and ensure the integrity of the utility.

Codes of ethical conduct typically include references such as:

- recognition of the trust of members
- the representational and stewardship responsibilities of directors
- the dedication of time and effort to do the director job
- meeting fiduciary duties and duties of care
- respecting and tolerating difference of opinion in board deliberations
- maintaining confidentiality
- supporting unity of board decisions
- participating as a team member on the board and on board committees
- transparency and disclosure of compensation for board activity
- communications with and accountability to stakeholders

Financial Reporting and Responsibilities

An understanding of the financial responsibility each Director holds.

In addition to more general expectations of board members, they may also be held liable if they are not fulfilling their individual financial responsibilities as board members, including reading and understanding financial reports, understanding the board's financial policies, participating in approving the annual budget, audit, annual financial report, and financial statements. Board members also hold the responsibility of financial management of the utility. This includes managing and accounting of funds to ensure these funds are spent in accordance with board objectives. The effective acquisition, allocation, and use of funds determines the extent to which goals and objectives of the board are realized.

Each director must be aware of and act in accordance with financial policies in place, including:

- Having an ongoing (monthly or quarterly) review/monitoring of expenses, revenues, and their variance from the budget.
- Having two signatures on every cheque so at least two individuals have the opportunity to review the request for the expenditure. This ensures the expenditure is in line with the budget and board policy.
- Ensuring approvals for reimbursement are authorized by someone other than the person being reimbursed.
- Ensuring internal controls, checks and balances are in place, to prevent fraud and detect errors built into the financial reporting system. For example, no one person should handle all aspects of any financial transaction (segregation of duties).
- Acknowledging any financial conflicts of interest from a personal or related third-part perspective.

Board Education

Individuals have a development cycle through their tenure as director. New directors need to understand the concept and detail of the job, so should be made aware of their duties and responsibilities as directors, as well as the demands and rewards of board service. New directors should be brought up to date on the current issues and affairs of the utility.

Directors need ongoing education and development to remain current in their understanding of the industry, government issues and policies, governance best practices, financials and related obligations, legal liabilities, training on interactions with different groups of people, and in general, what is required of them in their roles as directors. Assignments of progressive responsibility, such as acting on committees or attending zone or annual meetings also enable directors to gain invaluable experience. Directors should be given support to attend seminars and other training related to the director role. This includes approving a director's time away from the utility and covering related costs.

Director's Checklist

On a periodic basis, there are items that a utility board or council will need to sign off on and forward to the appropriate authorities. These include:

Annual

- Annual Returns. Within 120 days of the co-op's annual general meeting, co-ops must submit to Rural Utilities
    - Annual Return Officers List
    - Minutes from the annual general meeting
    - Audited Financial Statements
    - Any new Supplemental Bylaws
- Quality Management Plan. All rural utilities must annually sign and submit the document to Rural Utilities.
- Integrity Management Plan
- Safety Loss Management System

Monthly

- Approved Board Meeting Minutes (or as often as meetings are held)

Other

- O&M Manual is recommended to be adopted once every three years

Succession Planning

Succession planning is critical to a utility. Properly planned out, it ensures that the utility has the right people at the right time for both Board and Staff.

There are many ways to approach succession planning and the best way will always be what is right for your own utility. Just recognize that there are many roads you can go down to get to the same place. The board should annually review the succession planning road you're on and be willing to change your route if a detour comes up.

Every board needs to consider three parts to their succession plans – two of which directors will be closely involved, and the third is a matter of policy. The three succession plans you as a utility need to consider are:

- Board
- Chief Executive Officer
- Staff.

The best tools you will have at your disposal for all three plans will be performance assessments. The assessments should not only give you an idea of how people are performing at their duties, but a good assessment should also consider what a position needs in order to fulfill the board's strategic planning objectives. It will help identify what strengths your utility currently possesses, and where it could use some additional work.

Board

Succession planning for a local utility can be a dilemma. You are not putting out national ads looking for directors who come with very specific skillsets; you are looking at the people who live around you. Some people will not be that interested. Everyone is busy and devoting time to another organization may not be what people want to do. On the flip side, there may be a director who loves what they're doing, they have been on the board for years and want to continue being there for many years more. As a board you want that passion and dedication, but from time to time you may also want to invite fresh ideas to the boardroom table. For a local utility, succession planning for a board can be an art form that happens to contain a double-edged sword.

A question that needs to be asked is what do you need on your board? Is there a particular skill you want? Are there good discussions on the issues at the boardroom table? To answer these, a board may want to consider self-assessments of directors. These assessments allow an individual director some reflection on what value they feel they are bringing to the board. It can be an opportunity to look at how to improve your own self and how to improve the board as a whole. It may pinpoint some training you feel you need, or even highlight strengths that you realize could be brought to the table. On a board level, these assessments could be a reviewed by a board committee to determine whether the board has everything they need or whether the boardroom table is still lacking something. Earlier in this Handbook, nominating committees were discussed. A nominating committee could be an opportunity to use the director self-assessments to determine if there is anyone in the community that may help fill a need on the board.

Strategic planning is required to determine what a board needs from its directors. A five-year plan allows the board to assess where they are going and what is required. Coupled with a self-assessment of directors, it can pinpoint what the board needs at the table to address the plan.

Board succession planning needs to consider the roles of people on the board. That includes determining who populates the committees. Expertise may help determine who should be on which committee, but a good board will have people with multiple skillsets. Good succession planning should include bringing different directors on to committees to give them a background on the work of that committee. Eventually, someone will need to be replaced on a committee, so having a variety of directors who can step in to that role without losing knowledge can be very valuable to any organization.

Boards should also consider giving directors experience as chair or vice-chair. Them having that experience will be better for the organization as a whole. A board may also want to consider "grooming" someone to be chair. Some boards have gone through a mentoring process where an existing chair provides guidance to a new potential chair, and may even step back while remaining on the board to mentor that person.

Chief Executive Officer

A Board's only employee is the Chief Executive Officer (it may also be titled as Manager, General Manager, Executive Director, Chief Administrative Officer, etc.). The role is as the leader for the entirety of the staff and is ultimately responsible for the entire operations of the utility. Good succession planning is critical to ensuring this role is always held with the proper person in place.

The Board will be responsible for the performance assessment of the Chief Executive Officer. This should be done at least once a year with all directors/councillors taking part in some degree. A good practice is for a board committee (such as a Governance committee) to take the lead on the performance assessment. This committee would ask all board directors to fill out a standard written assessment of the Chief Executive Officer. The committee would collate the results and then, in an in-camera session of a board meeting, discuss the results with the board. When the board is comfortable with the assessment, the board chair and a committee representative would discuss the assessment with the Chief Executive Officer. The assessment helps ensure that the position is still meeting the needs of the board.

Two common methods of succession planning for a Chief Executive Officer are to build from within, or to look from without. Both have their pros and cons and are both perfectly acceptable. It may be a strategy to attempt to build from within, but prepared to go through an external talent search if necessary to find a new Chief Executive Officer. Building from within allows people within the organization to grow and be mentored with the intention of one day becoming the Chief Executive Officer. Even if they are not selected for Chief Executive Officer, it gives those staff members valuable experience working within the organization. In a small organization, building from within can be difficult to do unless the right talent happens to already be working for the organization. Looking from without can bring in an exceptionally talented person to the role. However, that person may not be familiar with how your organization operates or its culture. They could spend a lot of time just learning the organization, or in the worst-case scenario they may find they're not a fit for the organization's culture.

Staff

A board approves the organizational chart and sets a budget for staffing. Following that, all decisions for staffing should remain with the Chief Executive Officer. So while staff are not part of the responsibility of a board, a board will want to be highly involved in setting the parameters for staff succession planning. A utility is only as good as its people, so a board is wise to pay attention to how its people are being brought up.

A board should set a Performance Assessment policy. This should state that assessments are done annually or more often as required. These assessments should be a tool for the Chief Executive Officer to

make decisions on what is best required for staffing and education within the organization. The procedures for how assessments are performed should be left to the Chief Executive Officer. A board should have hiring policies in place, with all hiring left up to the Chief Executive Officer or designate.

A board may consider having staff succession plan chats with the Chief Executive Officer but being careful to not directly affect staff planning. The discussions would be useful to ensuring the board and Chief Executive Officer are like-minded on succession planning.

Board Committees

The board may choose to implement committees to take on specific tasks and workloads to aid the board and utility reach their goals. Boards generally will appoint an Audit and/or Finance committee and Governance committee annually to undertake various duties throughout the year on behalf of the board. The board establishes the terms of reference for these committees to identify the committee's purpose, duties and expectations, and requirements of members.

Committees may be populated in different ways. Certain board committees, such as the Finance or Governance committees, are generally appointed from members of the board. It is recommended that included in the membership of an Audit or Finance committee is at least one member with specific accounting expertise. Other committees' members may be elected or appointed from the members, co-op managers or staff, or external resources such as government representatives or topic experts. The committee chairs may also invite additional management, staff, or other delegates to attend their meetings, as resources, as required. These committees will provide regular status reports to the board and make recommendations regarding issues they have investigated.

Audit Committee

It is recommended that all boards have Finance and Governance committees, but some of the larger utilities may also wish to consider having an Audit committee. Not-for-profit utilities are required to have an annual audit of financial records, and this committee is responsible to ensure that the audit is conducted in an efficient and cost-effective manner. The Audit committee would be tasked with recommending the appointment of the external auditor and suggesting compensation, overseeing the work of the auditor, and providing guidance to the board regarding specific areas to be addressed following the audit.

Additional requirements of the Audit committee include reviewing the utility's financial reporting structure, disclosure, compliance, internal control, and risk processes from a critical perspective to understand and assess organizational weaknesses. This committee provides oversight of the integrity of financial reporting, reviews draft financial statements, and ensures the utility maintains compliance with laws and regulations and oversees the ethical and financial compliance commitments of management and employees related to utility policies and risk management.

Finance Committee

Many utilities choose to only have a Finance committee. This committee is responsible for all duties of an Audit committee, with the additional tasks of approving and monitoring the budget and financial reports. The Finance committee helps the board maintain the utility's overall integrity, financial credibility, and long-term viability by providing assurance that finances are being handled appropriately. Expectations of this committee include:

- Reviewing the treasurer's report, budget, and financial statements in advance of the board
- Making financial recommendations to the board
- Reviewing all policies and procedures related to financial management

- Overseeing the preparation of the annual budget
- Ensuring the budgets and interim financial statements are prepared on time
- Overseeing the administration, collection, and disbursement of the organization's financial resources
- Advising the board with respect to making significant financial decisions
- Ensuring the organization exercises responsible financial management

Governance Committee

The board should appoint a Governance committee to ensure that proper corporate governance policies and practices are in place. The mandate of this committee includes overseeing the process for nominating and electing board members, assessing the overall performance of the board and its committees, evaluating management performance, and reviewing compensation for senior management and directors. Governance is the way in which the board exercises its authority, control, and direction over the utility. The committee carries out its governance role by:

- Developing and monitoring policies
- Providing recommendations for revisions to the supplementary by-laws of the utility
- Recommending revisions to the governance structure of the board and office
- Monitoring the performance of the utility by reviewing the strategic plan
- Reviewing contingency and succession planning for the utility's senior management
- Reviewing and recommending a process for the search and selection of candidates for the position of Executive Director/Manager
- Reviewing and recommending salary for the Executive Director/Manager and other compensation matters as they pertain to expense reimbursement policies
- Reviewing the performance of the Executive Director/Manager
- To ensure the utility is complying with an establish code of ethics and business conduct

Other Committees

The board of directors may appoint committees or working groups to provide recommendations to the board related to assigned issues. The intent of these is to delegate a matter to consider, investigate, act upon, or report on. These committees or working groups are accountable to the board and their duties should be clearly specified and should include expectations for deliverables.

The authority of a committee should be specific and limited, as outlined in the terms of reference prepared for each committee.

There are two principal types of committees:

Standing Committee

- Formed to oversee ongoing functions

Ad Hoc Committee

- Formed for a special purpose/project and dissolved once the desired objectives are achieved

5.0 Strategic Planning

What is Strategic Planning?

The objective of developing a strategic plan is to define where the organization is heading, establish strategic goals while defining the actions to reach the desired results.

Imagine if organizations do not undertake the process of strategic planning; how would the desired future be determined? Who would decide what actions need to be undertaken? How would the operational and financial resources that are required be determined?

Strategic planning is a systematic process of defining a desired future while translating the vision for the future into goals. The goals are then prioritized, and timelines are defined (i.e., short-term, mid-term, long term).

Organizational management is focused on the day-by-day functions of running an organization, whereas strategic planning is the process of defining the alignment between the day-by-day functions and the long-term vision for the organization.

There are three critical questions answered through the strategic planning process:

1. Where are we now?
2. Where do we want to go?
3. How are we going to get there?

Without a defined strategy, an organization is vulnerable to internal and external factors. When organizations develop a sound strategy, they are better prepared to manage changes. In addition, leadership has a direction for their work rather than being rudderless.

Benefits of Strategic Planning

The benefits of developing a strategic plan include:

- Improved awareness of the external and internal realities
- Strong assessment of future trends (markets, competition, environment, industry sector)
- Clarification of organization direction and action plans
- Strategic priorities
- Shared vision/mission, understanding, and commitment amongst the board and management team
- Effective use of resources – human, financial, information, operational

Resulting in a more competitive, innovative, and profitable organization.

Risks of NOT Undertaking Strategic Planning

Organizations that do not engage in strategic planning do not benefit from looking ahead and strategizing for a new and better future. They do not plan and are reactive to all the forces that impact the organization. Sadly, they do not effectively maneuver in the shifting and changing environment that is a reality for every sector and every organization.

The most significant risk is failure!

Process of Developing a Strategic Plan

To make critical organizational decisions, organizations must develop a plan.

- The strategic **planning process** creates a formal organizational strategy.
- The **strategic plan** is the road map for the future, a road map that has been carefully developed with both internal and external factors considered.

The strategic planning process involves:

1. Developing a strategic vision and mission (or purpose statement)
2. Identifying the factors to be considered in developing a strategic plan (i.e., SWOT or PESTEL analysis)
3. Setting goals/objectives
4. Prioritizing the goals/objectives and defining timelines
5. Defining a plan to achieve the goals/objectives (actions, responsibilities, timelines, resources and KPIs)
6. Implementing and executing the strategy
7. Monitoring developments, evaluating performance, and initiating corrective adjustments

Content of a Strategic Plan

Strategic plans have standard components, although from model to model, there will be differences in terminology and format. Most strategic plans include the sections outlined below.

Strategic Plan Component	Description
Vision Statement	The vision statement is a short, concise statement of the organization's future.
Mission Statement	The mission statement is an overarching, timeless expression of the organization's purpose and aspiration, addressing what they want to accomplish and how the organization seeks to achieve it - a declaration of why the organization exists.
Purpose Statement	Some organizations opt to develop a purpose statement rather than mission and vision statements.
Environmental Scan	There are two primary methods of conducting the environmental scan (factors to consider in strategic planning): 1. SWOT analysis - is a view of the current position, which includes the strengths, weaknesses, opportunities, and threats. 2. PESTEL analysis – is a view of the current position by considering political, economic, social, technological, environmental, and legal factors.
Guiding Principles or Value Statement	Enduring and distinctive core beliefs that do not change and are a foundation of the organization.
Strategic Goals/Objectives	The strategic goals/objectives to move the organization towards the defined vision and mission, sorted by priority and timeframe (short term, mid-term, and long term). Each goal/objective is then expanded by defining the required actions, responsibilities, timelines, resources and KPIs.

	Some organizations stop the strategic planning process at defining goals since the actions, responsibilities, timelines, and resources are operational decisions required to implement the goals. There is no right or wrong approach.

Developing a Strategic Plan

The strategic planning process is an excellent team-building process that allows everyone involved to learn and explore together.

The following is a sample agenda for a strategic planning session that will take place during one day. The planning facilitators have gathered pertinent information before the planning session in preparation.

Gas Co-op 1234

Strategic Planning Session

May 3, 20XX

9 am to 4:00 pm

Objective: To define the goals, priorities, and actions for the next 2-3 years.

Participants: Board and Management Team of Gas Co-op 1234

Facilitator: Co-op Experts Are Us

AGENDA

- Introductions
- Successes and achievements
- Mission and vision development or refinement (or purpose statement)
- Environmental scan
- Guiding principles or values
- Define strategic goals/objectives
- Prioritize goals/objectives
- Define actions for each goal/objective (actions, responsibilities, timelines, resources and KPIs)
- Conclusion

Designing a Strategic Planning Event

Strategic planning events are an excellent way to bring board, staff, and stakeholders together to make key decisions for an organization's future. There is no guaranteed best way to design a planning event due to the many variables, including:

- Financial resources
- Time commitments
- Board, staff, and stakeholder availability
- Facilitator availability

Strategic planning involves first creating a plan to undertake the strategic planning process. It is normal to spend as much or more time preparing the facilitated strategic planning process. If the planning process is complex, it is not uncommon to spend 2 to 3 days in preparation for everyday of facilitation.

In the final preparation for facilitating a strategic planning session, it is essential to:

- Finalize the event design
- Clarify the roles and responsibilities of all parties
- Check the suitability of the meeting location
- Identify and gather all materials and supplies required

Format for the Strategic Plan

There are as many formats as strategic plans; however, since 80% of adults are visual learners, it can be effective to use charts, tables, and visuals to communicate the strategic plan content.

The headings/sections of the strategic plan can align with the agenda sections from the example on the previous page:

- Successes and achievements
- Mission and vision
- Environmental scan
- Guiding principles or values
- Strategic goals/objectives (actions, responsibilities, timelines, resources and KPIs)

Facilitating the Strategic Plan

Strategic plan facilitators must remain neutral, which can challenge anyone directly connected to the organization. For this reason, most organizations retain an external facilitator who has relevant experience.

Facilitation is a way of providing leadership without taking control. A strategic plan facilitator enables others to assume responsibility and take the lead.

There are three techniques for staying neutral in group facilitation:

1. Ask questions – offer ideas as questions to prompt creative thinking.
2. Offer suggestions – offer suggestions on topics that the group may not have considered.
3. Take off the facilitator's hat – when the facilitator holds information that the participants do not know, it may be necessary to step out of the facilitator role.

Facilitators make their contribution to the planning process by:

- Creating an environment of fun and creativity
- Helping the group define the mission, vision, goals/objectives
- Providing techniques that help participants use their time efficiently to make good decisions
- Guiding group discussions to keep on track
- Encouraging competitiveness among participants
- Making accurate notes to reflect the ideas and decisions of the participants
- Helping the group to understand the process to work effectively
- Using consensus to help make group decisions
- Supporting participants in managing their interpersonal dynamics
- Managing conflict
- Assisting the group to communicate effectively

- Creating an environment where participants feel valued

Communicating the Strategic Plan

Some organizations take their board and management team on a retreat to undertake strategic planning, while others engage in the process within the everyday work environment. Taking the stakeholders out of their busy environment allows for fewer distractions and more creativity.

Other organizations undertake strategic planning through virtual events of 1.5-to-2-hour blocks, which is not as effective as face-to-face planning events but can be effective with the proper process.

When the plan is complete, it must be communicated to the board and employees for effective execution.

When the strategic plan is communicated, the organizational changes also need to be shared, as fear of change will create negative results, i.e., a decline in morale.

Strategic Planning Resources

Supports and Educational Resources	
Alberta Community Development - Facilitation training - Strategic plan facilitators	https://www.alberta.ca/community-development-unit.aspx
Mount Royal University Strategic Management Certificate Program	https://www.mtroyal.ca/ProgramsCourses/ContinuingEducation/businesstraining/stratmanagement/index.htm
University of Alberta Leading Strategic Planning Course	https://ext.ualberta.ca/course/EXLDR5624

Appendices – Strategic Planning Template

6.0 Operations Documents

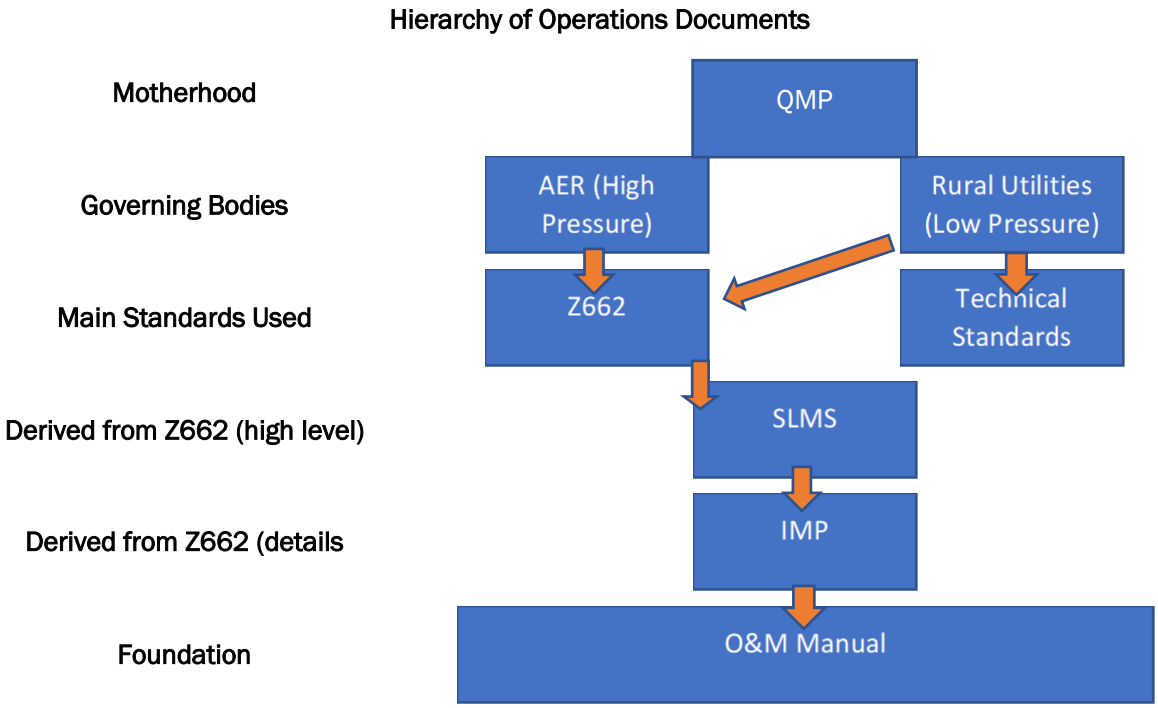
Every utility must have certain documents on hand that govern the safe operations of a gas distribution utility. In some of these documents, boards or councils are required by different levels of government to review and approve these documents. In some cases, the document must be signed annually; in other cases, an annual board or council motion is enough.

Board or council understanding of these documents is crucial to safe operations. While the actual duties of operating the system falls to management, it is the board or council that is ultimately responsible for every aspect of that utility. Boards or councils need to know what is expected of a safe distribution system so that they can ask proper, informed questions when making decisions that impact the operations.

The Operations documents important to a board or council include:

- Quality Management Plan (QMP)
- Canadian Standards Association (CSA) Z662 Oil and Gas Pipeline Standard
- Technical Standards Manual
- Safety and Loss Management System (SLMS)
- Integrity Management Program (IMP)
- Operations and Maintenance Guidelines.

It can be thought of as the QMP being a motherhood statement setting out principles, followed by a hierarchy going from the governing bodies requiring certain documents, the standards used, the high-level documents derived from the standards, the detailed documents derived from the standards, and landing at the bedrock foundation of operating a gas distribution system.



The Quality Management Plan (QMP) can be understood as a top-level document that sets out general requirements for a utility. From that QMP, it requires utilities with high pressure pipelines to have and adhere to CSA Z662, and utilities with low pressure pipelines to have and adhere to the Technical Standards Manual.

The CSA Z662 requires adoption of a Safety and Loss Management System (SLMS). This SLMS addresses the entire life cycle of a pipeline system from planning to end-of-life for facilities. The SLMS, in turn, requires an Integrity Management Program (IMP). The IMP is more specific to the construction, maintenance, and integrity assessment of pipelines and facilities.

Underlying all of these documents is the Federation of Alberta Gas Co-ops Ltd. Member's Operations and Maintenance Guidelines (also referred to as the O&M Manual). This document is very specific to the proper operations of any facility within a gas distribution system.

Quality Management Plan (QMP)

The Quality Management Plan, frequently known as the QMP, is a Rural Utilities document. It is a plain language document that outlines various requirements that must be met by a rural gas utility. Its intent is that it can be read and understood by anyone connected to the utility such as all staff and directors.

The QMP sets out, in plain language, requirements for:

- Standards
- Design
- Construction testing and Commissioning
- Operation, Maintenance and Repair
- Emergency Response
- Surveying and Plant records

Rural Utilities requires all utilities to sign the QMP on an annual basis. It confirms that the board or council and Management understand their fiscal and operational responsibilities for the utility, and that you will operate your gas utility to the proper standards. This annual requirement is done to maintain the utility's operating licence. Failing to sign the QMP on an annual basis could result in Rural Utilities pulling your licence to operate and having someone or some company come in to operate the utility instead.

Every utility is required to keep a dated and signed copy of the QMP in the gas utility office, with a copy kept at Rural Utilities. It needs to be signed by the Chair/Chief/Mayor/Reeve of the utility. Some utilities will obtain a board or council motion adopting the QMP, which is evidence that all directors/councillors are aware of the QMP.

An up-to-date signed copy of the QMP is a requirement of the Federation's O&M Audits of each Member Utility. The Evaluator will ask to see the up-to-date, signed copy. A good practice for utilities is to keep a copy with the utility's O&M Manual.

CSA Z662

Canadian Standards Association (CSA) Z662 Oil and Gas Pipeline Standard is a requirement to have for any operator/owner of a high pressure pipeline and facilities. It is a federal standard which applies

nationally, but has different clauses and sections which get applied more specifically to gas distribution systems.

It is a requirement to have by two different governing bodies:

- Alberta Energy Regulator for any systems operating high pressure pipelines above 100 psi, and;
- Chief Officer, Rural Utilities Section for any systems operating under the Technical Standards Manual with pipeline pressures below 100 psi.

The Alberta Energy Regulator (AER) is the regulator for any high pressure pipeline licensee operating above 100 psi. This would include all pipelines where Z662 applies.

Rural Utilities has also adopted Z662 as its standard, along with the Technical Standards Manual.

Board or council adoption is not required as Z662 is mandated. Having a copy at the utility is a requirement of the Federation's O&M Audits.

Technical Standards Manual

The Technical Standards Manual sets out the standards and specifications for all natural gas distribution systems in Alberta. It is issued in accordance with the Gas Distribution Act and is the standard as set by the Chief Officer. It is a guide towards the safe design, construction and operation of a gas distribution system to meet the requirements of the Chief Officers under the Gas Distribution Act and the applicable Acts, Regulations, Codes and Standards of Alberta. It does not replace the requirements of an O&M Manual. It is limited to parts of a rural gas utility approved under the authority of the Gas Distribution Act, and any low pressure distribution pipeline operating at 100 psi or less located within Alberta.

The Chief Officer is the regulator for any pipeline or facility under the Technical Standards Manual, with Rural Utilities as the government body looking after it. It is reviewed from time to time by a committee made up of Rural Utilities and gas utilities from across Alberta.

Board or council adoption is not required as the Technical Standards Manual is mandated. Having a copy at the utility is a requirement of the Federation's O&M Audits.

Safety and Loss Management System (SLMS)

The Safety and Loss Management System is an integrated framework providing a systematic approach to planning, implementing, measuring, and improving organizational performance for a gas distributor's facilities. It includes policies, programs, processes, and procedures used by the utility to ensure that it can operate in a safe, environmentally sustainable approach for the entire life cycle of a gas distribution system. Having a developed, implemented, and documented Safety and Loss Management System on-hand provides for the protection of people, environment, and property.

CSA Z662 requires gas distributors to have a Safety and Loss Management System.

Every Federation Member Utility is required to review and update their current Safety and Loss Management System on an annual basis.

An annual board or council motion is required to adopt the Safety and Loss Management System.

Having a copy on-hand and available, as well as proof of annual review, is a requirement of the Federation O&M Audits.

Integrity Management Program (IMP)

An Integrity Management Program is an integral part of a Safety and Loss Management System. The Integrity Management Program is a documented program that specifies the practices used by utilities to ensure the safe, environmentally responsible, and reliable service of a pipeline and facility system. It helps to ensure:

- Proper pipeline and facility design
- Record retention
- Change management
- Competency and training
- Hazard identification and control
- Risk assessment
- Reducing likelihood of failure or damage incidents
- Planning
- Inspections, testing, patrol and monitoring
- Continual improvement
- Performance monitoring and management

The Integrity Management Plan is the board or council and managements written commitment to provide safe, environmentally responsible and reliable service. It sets out that both board or council and management are accountable both fiscally and operationally to each other and the utility.

Every Federation Member Utility is required to review and update their current Integrity Management Plan on an annual basis.

An annual board or council motion is required to adopt the Integrity Management Plan.

Having a copy on-hand and available, as well as proof of annual review, is a requirement of the Federation O&M Audits.

Operations and Maintenance Guidelines

The Federation of Alberta Gas Co-ops Ltd. Member's Operations and Maintenance Guidelines (also referred to as the O&M Manual) is considered "the bible" of operating a rural gas distribution system. It specifies in detail every requirement and aspect of safely operating a distribution system. It is a living document with every section regularly reviewed and updated by a committee of the Federation. While it is not necessary for directors/councillors to be knowledgeable on the O&M Manual, it is a good practice to at least be familiar with what it is.

A board or council motion is required to adopt the O&M Manual. It is recommended to update this motion at least once every three years.

Having an updated copy on-hand and available is a critical requirement of the Federation O&M Audits.

Policies

Each Member Utility will have its own bylaws, policies, and procedures. It may also have documents for committee terms of references, or local templates for board meetings or annual budgets. These will be unique to each Member Utility. Directors/Councillors should familiarize themselves with these internal documents.

7.0 Appendices

DIRECTOR CODE OF ETHICS (Sample)

I. As a director of the _____(insert natural gas utility name) (herein referred to as the utility), I recognize:

a) That my fellow members have entrusted me with the development of the utility;

b) That I provide a direct link in the transfer of ideas, information, constructive criticism and suggested alternatives from the members to the board of directors

II. In view of the foregoing considerations, it shall be my constant endeavor:

a) To devote time, thought and study to the duties and responsibilities of the utility so that I may render effective and credible service;

b) To work with my fellow utility directors in a spirit of harmony and co-operation in spite of differences of opinion that may arise during vigorous debate on points of issue, and keep these differences confidential outside the meeting room;

c) To base my personal decision upon all available facts in each situation; to vote my honest conviction in every case, unswayed by partisan bias of any kind, thereafter, to abide by and uphold the final decision of the board of directors;

d) To not use my position to further the interest of any organization which is opposed to the interests and principles of the utility, nor will I engage in any activities which would be prejudicial to the utility;

e) To resist every temptation and outside pressure to use my position as an utility director to benefit either myself or any other individual or agency apart from the total interest of the utility;

f) To bear in mind under all circumstances that the primary function of the utility board of directors is to establish the policies by which the utility is to be administered but that the implementation of the policies of the utility shall be under the guidance of and delegated by the utility manager;

g) To bear in mind if I have a grievance with a fellow member of the board or staff of the utility, I shall make my grievance known to the chairperson who shall be responsible to endeavor to mediate the grievance;

h) To understand that the utility requires that any committee member missing a committee meeting must make the chairperson of the committee aware of the reasons for his absence;

i) To be aware that whereupon a committee member is absent from _____ (insert a utility specific number) consecutive meetings without a valid reason such individual shall be asked by the board of directors of the utility to step down from office, and that such committee member must agree to comply with a request to step down.

j) To be aware that all minutes and information obtained by the committee member during his tenure on the committee must be returned to the utility upon resignation

III. Confidentiality

a) All information, discussion and material that the board of directors, or committee chairperson in its deliberations so designates as confidential shall be kept confidential;

b) Retirement or resignation of a committee member constitutes that all information of the utility remains confidential;

c) Classified documents are to be kept within the walls of the utility office, and not to be taken from the utility office unless authorized by the board of directors.

d) The procedure of acting upon set policy and discussion on motions within utility meetings shall be kept confidential outside said meetings.

Utility Letterhead or Logo

DIRECTOR'S COMMITMENT

I, _____

being appointed by a member organization as a member of the board of directors of the (name of utility), have read and fully comprehend the Utility's Code of Conduct, and agree hereby to uphold this Code of Conduct.

If found to be in violation of the Code of Conduct of the (utility), I agree to offer my resignation if requested by the majority of the Utility board, or the majority of the committee.

Any director that contravenes the Code of Ethics may be subject to legal action by the Utility.

_____ _____

Director Date

_____

Witness

BOARD OF DIRECTORS

Official Oath

I, _____, do swear that I will diligently, faithfully, and to the best
(director's name)

of my ability, execute according to law, the office of (director)_____

for the _____(name of utility)_____

SWORN before me at the _____
(city, village, town)

of _____
(name of municipality)

in the Province of Alberta, this _____day of _____ ,_____

_____

(A Justice of the Peace, Notary Public or Commissioner, etc.)

Strategic Plan Template

Gas Coop Name

Date of Strategic Plan

Vision Statement

A short, concise statement that defines the desired future.

Mission Statement

An overarching, timeless expression of the organization's purpose and aspiration, addressing what they want to accomplish and how the organization seeks to achieve it - a declaration of why the organization exists.

Purpose Statement

Some organizations opt to develop a purpose statement rather than mission and vision statements.

Environmental Scan

There are two primary methods of conducting the environmental scan (factors to consider in strategic planning).

3. SWOT analysis - a view of the current position, which includes the strengths, weaknesses, opportunities, and threats.

SWOT Analysis

Strengths	Weaknesses

Opportunities	Threats

4. PESTEL analysis – is a view of the current position by considering political, economic, social, technological, legal, and environmental factors.

PESTLE Analysis

Factors	List of Factors
Political	
Economic	
Social	
Technological	
Legal	
Environmental	

Guiding Principles or Values

Enduring and distinctive core values to guide the decision making.

List of Guiding Principles or Values

Strategic Goals/Objectives

Strategic goals/objectives to move the organization towards the defined vision and mission.

Each goal/objective is then expanded by defining the required actions, responsibilities, timelines, resources and KPIs. Some organizations stop the planning process at defining goals since the actions, responsibilities, timelines, and resources are operational decisions required to implement the goals. There is no right or wrong approach. The goals are sorted in order of priority and timeframe (short term, mid-term, and long term).

Goals/Objectives: • Short-Term Goals (1 year or less) • Mid-term Goals (2 to 3 years) • Long-term Goals (4 – 5 years)	
Short-Term Goal #1	
Actions	
Responsibilities	
Timelines	
Resources (people & $)	
Key Performance Indicators	

Short-Term Goal #2	
Actions	
Responsibilities	
Timelines	
Resources (people & $)	
Key Performance Indicators	

Short-Term Goal #3	
Actions	
Responsibilities	
Timelines	
Resources (people & $)	
Key Performance Indicators	

Mid-Term Goal #1	
Actions	
Responsibilities	
Timelines	
Resources (people & $)	
Key Performance Indicators	

Mid-Term Goal #2	
Actions	
Responsibilities	
Timelines	
Resources (people & $)	

Key Performance Indicators	

Mid-Term Goal #3	
Actions	
Responsibilities	
Timelines	
Resources (people & $)	
Key Performance Indicators	

Long-Term Goal #1	
Actions	
Responsibilities	
Timelines	
Resources (people & $)	
Key Performance Indicators	

Long-Term Goal #2	
Actions	
Responsibilities	
Timelines	

Resources (people & $)	
Key Performance Indicators	

Long-Term Goal #3	
Actions	
Responsibilities	
Timelines	
Resources (people & $)	
Key Performance Indicators	

Quality Management Plan
XYZ Gas Co-op Ltd.

Preamble

This Quality Management Plan (QMP) is intended to cover the design, construction and operation of a rural gas distribution system in accordance to requirements under the *Gas Distribution Act*.

The __XYZ_____ Gas Co-op Ltd (hereinafter referred to as "the distributor"), owns and operates a rural gas distribution system in Alberta and, in accordance with its franchise issued under section 18 of the *Gas Distribution Act*, has both the exclusive right and duty to offer and provide natural gas service to residents in a specific area of the province. The chairman and board of directors ultimately and with the support of the co-op General Manager and staff, take full responsibility for ensuring that its distribution system is designed, constructed, operated and maintained in a manner consistent with section 2 of the *Gas Distribution Act* so as to ensure the safety of its customers, employees, and the general public. Annual review of this QMP document by both the Board of Directors and co-op General Manager, in conjunction with the annual submission of as-built plans and maintaining operation and maintenance expectations of the distribution system constitute the approval to operate a natural gas distribution system in Alberta.

QUALITY MANAGEMENT PLAN FUNCTIONS

Standards

The distributor will design, construct, operate, and maintain its rural gas distribution system in accordance with the following standards:

- The Gas Distribution Act
- The Pipeline Act and Regulations
- The Municipal Government Act, as applicable
- The Occupation Health and Safety Act, and all codes and regulations, as applicable
- Canadian Standards Association (CSA) Z662 Oil and Gas Pipeline Standard
- Canadian Standards Association (CSA) Z246.2 Emergency Preparedness and Response for

Petroleum and Natural Gas Industry Systems
- The Technical Standards Manual for Gas Distribution Systems in Alberta, issued by Rural Utilities
- Guidelines for Operations & Maintenance Practices in Alberta Natural Gas Utilities issued by the Federation of Alberta Gas Co-ops Ltd.
- Alberta Energy Regulator (AER) Directive 71 Emergency Preparedness and Response Requirements for the Petroleum Industry (as applicable)

As a distributor incorporated under the *Rural Utilities Act*, distributors are also expected to maintain appropriate insurance coverage as per section 19 of the *Rural Utilities Regulation*, Schedule 3, Standard By-laws.

Design

The distributor will ensure that its distribution system is designed to safely deliver the required volumes of gas to each consumer under the most extreme conditions by:

- Acquiring the services of a qualified gas distribution Engineer (recognized by APEGA) or a designated P. Tech (Eng) (Professional Technologist) in accordance with the *Engineering and Geoscience Professions Act* to determine system requirements, and/or
- Working with the Engineer/P. Tech. to establish pipe and station design, pipe sizing minimum end line pressure, appropriate route selection, and design and material requirements.
- Acquiring pipe that has been inspected under the Quality Assurance Program (QAP) and approved by Rural Utilities.

Construction Testing and Commissioning

In order to ensure that all pipelines are constructed, tested and commissioned in the appropriate manner, the distributor will:

- Have a documentation process in place that systematically identifies and tracks all the specific approvals, agreements, utility rights-of-way, etc. required and the dates acquired for each.
- Ensure that all pipelines are buried to the depths specified in the Technical Standards and Specification Manual for Gas Distribution Systems manual by:
    - Providing the contractor with the depth specifications and documenting the information and time of presentation.
        - Spot checking pipeline depths during and/or after the time of installation and documenting the findings.
- Establish a system for recording and auditing the location, and material information for all pipe installed.
- Ensure that all pipelines are tested to the pressures and times specified in the Technical Standards Manual for Gas Distribution Systems Spot checking charts/pressure data (i.e. start time/location information) during testing and document these checks.
    - Record all the test, location, and material data on a test confirmation report.
    - Purging each pipeline using an approved method, prior to putting the line into service, and documenting the findings.
- Ensure proper regulator and relief valve configuration and capacities are in place to adequately protect the distribution system and customer installations from excessive pressures by:
    - Providing the technical information required to determine the proper capacities and

configuration of the equipment to a qualified installer.
    - Developing a specific audit procedure to ensure the correctness of the regulator and relief valve installation.
- Ensure pipeline warning signs are properly installed by inspecting all new crossings and above ground facilities, to confirm the placement of signs, and document accordingly.

Operation, Maintenance and Repair

In order to ensure that the distribution system is properly operated, maintained, and repaired, the distributor will:

- Employ or contract the services of qualified field staff to safely operate and maintain the system. The level of manpower requirements will be established by developing a plan or formula, based on historical performance, system requirements and the level of service committed to by the distributor to complete these functions in accordance with industry standards.
- Ensure that the level of safety equipment for both the shop and emergency response vehicles (as adopted in the Guidelines for Operations & Maintenance Practices in Alberta Natural Gas Utilities) in addition to personal protective equipment (PPE), is provided, inventoried, maintained, and calibrated as and if required.
- Monitor the levels of gas loss by:
    - Recording and comparing wholesale tap purchases on a weekly basis.
    - Comparing the wholesale purchases to the retail sales on a monthly basis
    - Physically checking the system for leaks by performing a leak detection survey on the distribution pipe lines at intervals of at least the following:
        - Urban systems - every three years.
        - Rural systems – every five years.
- Ensure that the proper levels of readily detectable odorant are maintained in the system by:
    - Checking the odorant tank levels at every tap location every month and recording findings.
    - Testing or monitoring for levels of readily detectable odorant on a regular basis, not less than once a month at each test location.
    - Maintaining records of monthly readings and spot checking and documenting those results at reasonable intervals.
- Ensure all underground damage and leaks are diligently repaired and reported to the appropriate regulatory body:
    - Damage or leaks to high pressure (> 700 kPa) pipelines or facilities must be reported to the Alberta Energy Regulator (AER).
    - Damage or leaks to low pressure (< 700 kPa) pipelines or facilities must be reported online to Rural Utilities through the Rural Utilities Portal. Distributors access the Portal through their My Alberta Digital ID for Business (MABI). See https://partners.agric.gov.ab.ca for more information.
- Develop and maintain a regular preventative maintenance program (i.e. leak detection surveys, cathodic protection surveys, regulator station operation and painting of above ground facilities) to safeguard the distribution system against premature deterioration. The frequency of these activities must be scheduled as established in the distributor's Operations and Maintenance program.
- Establish a maintenance/control system of equipment used to locate pipelines, measure concentrations of odorant and gas, levels of cathodic protection, pressure gauges, etc.

Emergency Preparedness and Response

To ensure that employees understand the distributor's program to respond to emergency situations, the distributor will:

- Develop an Emergency Response Program (ERP) to effectively respond to emergencies, promote safety of workers, responders and the public. The program should cover training, resources and equipment for responding to the following (but not limited to):
  - Pipeline leaks or ruptures,
  - Fires and explosions,
  - Unplanned system outages,
  - Dangerous good spills, and
  - Gas odour notifications.
- Document employee's training and participation in annual tabletop or communications exercises and ERP reviews.
- Actively participate with community emergency services in major field mock disaster exercises (held once every three years).
- Annually review internal emergency response procedures to update the distributor's effectiveness.

Surveying and Plant Records

In order to ensure the completeness, accuracy and timely completion of the distributor's as-built drawings and ensure that the Alberta One-Call database is current, the distributor will:

- Maintain an up-to-date set of as-built plans of the gas distribution system in the distributor's office.
- Monitor the progress of as-built surveys and mapping to ensure that the as-built plans are submitted to Rural Utilities by March 31 of the year following construction.
- Review the as-built drawings and documentation against each year's new customer location listing for completeness.
- Submit all required Alberta One-Call database updates for distribution system additions or removals.

RESPONSIBILITY

This Quality Management Plan highlights the safety related components of the _ _____XYZ_____ Gas Co-op Ltd.'s design, construction, operation, and maintenance programs. The distributor's Board of Directors, with the co-op General Manager have reviewed the QMP in its entirety and hereby accepts the responsibility for compliance of their distribution system with this plan.

This Quality Management Plan was reviewed at the co-op board meeting held on:

_____

board meeting minutes are attached

_____

Dated _____

Chair of the Board of Directors

I have read and will support the co-op board in the compliance of this Quality Management Plan

_____

Dated _____

Co-op General Manager

Annual review of QMP required

This QMP must be reviewed and signed by the co-op board and general manager on an annual basis and submitted as part of the Co-op's annual return required under section 21 of the *Rural Utilities Act.*

Quality Management Plan
XYZ County Gas Utility

Preamble

This Quality Management Plan (QMP) is intended to cover the design, construction and operation of a rural gas distribution system in accordance to requirements under the *Gas Distribution Act*.

The ___XYZ_____ (hereinafter referred to as "the distributor"), owns and operates a rural gas distribution system in Alberta and, in accordance with its franchise issued under section 18 of the *Gas Distribution Act*, has both the exclusive right and duty to offer and provide natural gas service to residents in a specific area of the province. The County Council ultimately and with the support of the Chief Administrative Officer and the Gas Utility Manager and staff, take full responsibility for ensuring that its distribution system is designed, constructed, operated and maintained in a manner consistent with section 2 of the *Gas Distribution Act* so as to ensure the safety of its customers, employees, and the general public. Annual review of this QMP document by both the County Council and the Chief Administrative Officer and the Gas Utility Manager, in conjunction with the annual submission of as-built plans and maintaining operation and maintenance expectations of the distribution system constitute the approval to operate a natural gas distribution system in Alberta.

QUALITY MANAGEMENT PLAN FUNCTIONS

Standards

The distributor will design, construct, operate, and maintain its rural gas distribution system in accordance with the following standards:

- The Gas Distribution Act
- The Municipal Government Act
- The Gas Utilities Act, as applicable
- The Pipeline Act and Regulations, as applicable
- The Occupation Health and Safety Act, and all codes and regulations, as applicable
- Canadian Standards Association (CSA) Z662 Oil and Gas Pipeline Standard

- Canadian Standards Association (CSA) Z246.2 Emergency Preparedness and Response for Petroleum and Natural Gas Industry Systems
- The Technical Standards Manual for Gas Distribution Systems in Alberta, issued by Rural Utilities
- Guidelines for Operations & Maintenance Practices in Alberta Natural Gas Utilities issued by the Federation of Alberta Gas Co-ops Ltd.
- Alberta Energy Regulator (AER) Directive 71 Emergency Preparedness and Response Requirements for the Petroleum Industry (as applicable)

Distributors are also expected to maintain appropriate insurance coverage.

Design

The distributor will ensure that its distribution system is designed to safely deliver the required volumes of gas to each consumer under the most extreme conditions by:

- Acquiring the services of a qualified gas distribution Engineer (recognized by APEGA) or a designated P. Tech (Eng) (Professional Technologist) in accordance with the *Engineering and Geoscience Professions Act* to determine system requirements, and/or
- Working with the Engineer/P. Tech. to establish pipe and station design, pipe sizing minimum end line pressure, appropriate route selection, and design and material requirements.
- Acquiring pipe that has been inspected under the Quality Assurance Program (QAP) and approved by Rural Utilities.

Construction Testing and Commissioning

In order to ensure that all pipelines are constructed, tested and commissioned in the appropriate manner, the distributor will:

- Have a documentation process in place that systematically identifies and tracks all the specific approvals, agreements, utility rights-of-way, etc. required and the dates acquired for each.
- Ensure that all pipelines are buried to the depths specified in the Technical Standards and Specification Manual for Gas Distribution Systems manual by:
    - Providing the contractor with the depth specifications and documenting the information and time of presentation.
        - Spot checking pipeline depths during and/or after the time of installation and documenting the findings.
- Establish a system for recording and auditing the location, and material information for all pipe installed.
- Ensure that all pipelines are tested to the pressures and times specified in the Technical Standards Manual for Gas Distribution Systems Spot checking charts/pressure data (i.e. start time/location information) during testing and document these checks.
    - Record all the test, location, and material data on a test confirmation report.
    - Purging each pipeline using an approved method, prior to putting the line into service, and documenting the findings.
- Ensure proper regulator and relief valve configuration and capacities are in place to adequately

protect the distribution system and customer installations from excessive pressures by:
    - Providing the technical information required to determine the proper capacities and configuration of the equipment to a qualified installer.
    - Developing a specific audit procedure to ensure the correctness of the regulator and relief valve installation.
- Ensure pipeline warning signs are properly installed by inspecting all new crossings and above ground facilities, to confirm the placement of signs, and document accordingly.

Operation, Maintenance and Repair

In order to ensure that the distribution system is properly operated, maintained, and repaired, the distributor will:

- Employ or contract the services of qualified field staff to safely operate and maintain the system. The level of manpower requirements will be established by developing a plan or formula, based on historical performance, system requirements and the level of service committed to by the distributor to complete these functions in accordance with industry standards.Ensure that the level of safety equipment for both the shop and emergency response vehicles (as adopted in the Guidelines for Operations & Maintenance Practices in Alberta Natural Gas Utilities) in addition to personal protective equipment (PPE), is provided, inventoried, maintained, and calibrated as and if required.
- Monitor the levels of gas loss by:
    - Recording and comparing wholesale tap purchases on a weekly basis.
    - Comparing the wholesale purchases to the retail sales on a monthly basis
    - Physically checking the system for leaks by performing a leak detection survey on the distribution pipe lines at intervals of at least the following:
        - Urban systems - every three years.
        - Rural systems – every five years.
- Ensure that the proper levels of readily detectable odorant are maintained in the system by:
    - Checking the odorant tank levels at every tap location every month and recording findings.
    - Testing or monitoring for levels of readily detectable odorant on a regular basis, not less than once a month at each test location.
    - Maintaining records of monthly readings and spot checking and documenting those results at reasonable intervals.
- Ensure all underground damage and leaks are diligently repaired and reported to the appropriate regulatory body:
    - Damage or leaks to high pressure (> 700 kPa) pipelines or facilities must be reported to the Alberta Energy Regulator (AER).
    - Damage or leaks to low pressure (< 700 kPa) pipelines or facilities must be reported online to Rural Utilities through the Rural Utilities Portal. Distributors access the Portal through their My Alberta Digital ID for Business (MABI). See https://partners.agric.gov.ab.ca for more information.
- Develop and maintain a regular preventative maintenance program (i.e. leak detection surveys, cathodic protection surveys, regulator station operation and painting of above ground facilities) to safeguard the distribution system against premature deterioration. The frequency of these activities must be scheduled as established in the distributor's Operations and Maintenance program.
- Establish a maintenance/control system of equipment used to locate pipelines, measure

concentrations of odorant and gas, levels of cathodic protection, pressure gauges, etc.

Emergency Preparedness and Response

To ensure that employees understand the distributor's program to respond to emergency situations, the distributor will:

- Develop an Emergency Response Program (ERP) to effectively respond to emergencies, promote safety of workers, responders and the public. The program should cover training, resources and equipment for responding to the following (but not limited to):
  - Pipeline leaks or ruptures,
  - Fires and explosions,
  - Unplanned system outages,
  - Dangerous good spills, and
  - Gas odour notifications.
- Document employee's training and participation in annual tabletop or communications exercises and ERP reviews.
- Actively participate with community emergency services in major field mock disaster exercises (held once every three years).
- Annually review internal emergency response procedures to update the distributor's effectiveness.

Surveying and Plant Records

In order to ensure the completeness, accuracy and timely completion of the distributor's as-built drawings and ensure that the Alberta One-Call database is current, the distributor will:

- Maintain an up-to-date set of as-built plans of the gas distribution system in the distributor's office.
- Monitor the progress of as-built surveys and mapping to ensure that the as-built plans are submitted to Rural Utilities by March 31 of the year following construction.
- Review the as-built drawings and documentation against each year's new customer location listing for completeness.
- Submit all required Alberta One-Call database updates for distribution system additions or removals.

RESPONSIBILITY

This Quality Management Plan highlights the safety related components of the _ _____XYZ_____ gas utility's design, construction, operation, and maintenance programs. The distributor's Council, with the Chief Administrative Officer and the Gas Utility Manager have reviewed the QMP in its entirety and hereby accepts the responsibility for compliance of their distribution system with this plan.

This Quality Management Plan was reviewed at the County Council meeting held on:_ _____ _ and council meeting minutes are attached

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Dated _____

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I have read and will support the County Council in the compliance of this Quality Management Plan:

_____

Dated _____

Chief Administrative Officer

_____

Dated _____

Gas Utility Manager

Annual review of QMP required

This QMP must be reviewed and signed by the County Council and the Chief Administrative Officer and the gas utility Manager on an annual basis and submitted to Rural Utilities by March 31 of each year.

Quality Management Plan
Town/Village XYZ Gas Utility

Preamble

This Quality Management Plan (QMP) is intended to cover the design, construction and operation of a rural gas distribution system in accordance to requirements under the *Gas Distribution Act*.

The ___XYZ_____ (hereinafter referred to as "the distributor"), owns and operates a rural gas distribution system in Alberta and offers and provides natural gas service to residents in a specific area of the province. The Municipal Council ultimately and with the support of the Chief Administrative Officer (CAO) and/or the gas utility Manager and staff, take full responsibility for ensuring that its distribution system is designed, constructed, operated and maintained in a manner consistent with section 2 of the *Gas Distribution Act* so as to ensure the safety of its customers, employees, and the general public. Annual review of this QMP document by both the Municipal Council and the CAO and/or the gas utility Manager, in conjunction with the annual submission of as- built plans and maintaining operation and maintenance expectations of the distribution system constitute the approval to operate a natural gas distribution system in Alberta.

QUALITY MANAGEMENT PLAN FUNCTIONS

Standards

The distributor will design, construct, operate, and maintain its rural gas distribution system in accordance with the following standards:

- The Gas Distribution Act
- The Municipal Government Act
- The Gas Utilities Act, as applicable
- The Pipeline Act and Regulations, as applicable
- The Occupation Health and Safety Act, and all codes and regulations, as applicable
- Canadian Standards Association (CSA) Z662 Oil and Gas Pipeline Standard
- Canadian Standards Association (CSA) Z246.2 Emergency Preparedness and Response for Petroleum and Natural Gas Industry Systems

- The Technical Standards Manual for Gas Distribution Systems in Alberta, issued by Rural Utilities
- Guidelines for Operations & Maintenance Practices in Alberta Natural Gas Utilities issued by the Federation of Alberta Gas Co-ops Ltd.
- Alberta Energy Regulator (AER) Directive 71 Emergency Preparedness and Response Requirements for the Petroleum Industry (as applicable)

Distributors are also expected to maintain appropriate insurance coverage.

Design

The distributor will ensure that its distribution system is designed to safely deliver the required volumes of gas to each consumer under the most extreme conditions by:

- Acquiring the services of a qualified gas distribution Engineer (recognized by APEGA) or a designated P. Tech (Eng) (Professional Technologist) in accordance with the *Engineering and Geoscience Professions Act* to determine system requirements, and/or
- Working with the Engineer/P. Tech. to establish pipe and station design, pipe sizing minimum end line pressure, appropriate route selection, and design and material requirements.
- Acquiring pipe that has been inspected under the Quality Assurance Program (QAP) and approved by Rural Utilities.

Construction Testing and Commissioning

In order to ensure that all pipelines are constructed, tested and commissioned in the appropriate manner, the distributor will:

- Have a documentation process in place that systematically identifies and tracks all the specific approvals, agreements, utility rights-of-way, etc. required and the dates acquired for each.
- Ensure that all pipelines are buried to the depths specified in the Technical Standards and Specification Manual for Gas Distribution Systems manual by:
    - Providing the contractor with the depth specifications and documenting the information and time of presentation.
        - Spot checking pipeline depths during and/or after the time of installation and documenting the findings.
- Establish a system for recording and auditing the location, and material information for all pipe installed.
- Ensure that all pipelines are tested to the pressures and times specified in the Technical Standards Manual for Gas Distribution Systems Spot checking charts/pressure data (i.e. start time/location information) during testing and document these checks.
    - Record all the test, location, and material data on a test confirmation report.
    - Purging each pipeline using an approved method, prior to putting the line into service, and documenting the findings.
- Ensure proper regulator and relief valve configuration and capacities are in place to adequately protect the distribution system and customer installations from excessive pressures by:
    - Providing the technical information required to determine the proper capacities and

configuration of the equipment to a qualified installer.
    - Developing a specific audit procedure to ensure the correctness of the regulator and relief valve installation.
- Ensure pipeline warning signs are properly installed by inspecting all new crossings and above ground facilities, to confirm the placement of signs, and document accordingly.

Operation, Maintenance and Repair

In order to ensure that the distribution system is properly operated, maintained, and repaired, the distributor will:

- Employ or contract the services of qualified field staff to safely operate and maintain the system. The level of manpower requirements will be established by developing a plan or formula, based on historical performance, system requirements and the level of service committed to by the distributor to complete these functions in accordance with industry standards.Ensure that the level of safety equipment for both the shop and emergency response vehicles (as adopted in the Guidelines for Operations & Maintenance Practices in Alberta Natural Gas Utilities) in addition to personal protective equipment (PPE), is provided, inventoried, maintained, and calibrated as and if required.
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RESPONSIBILITY

This Quality Management Plan highlights the safety related components of the _ _____XYZ_____ gas utility's design, construction, operation, and maintenance programs. The distributor's Council, with the Chief Administrative Officer and/or the Gas Utility Manager have reviewed the QMP in its entirety and hereby accepts the responsibility for compliance of their distribution system with this plan.

This Quality Management Plan was reviewed at the council meeting held on:_____ council meeting minutes are attached

and

_____

Dated _____ Mayor

I have read and will support the Municipal Council in the compliance of this Quality Management Plan:

_____

Dated _____

CAO and/or the Gas Utility Manager

Annual review of QMP required

This QMP must be reviewed and signed by the Municipal Council and the Chief Administrative Officer and/or the Gas Utility Manager on an annual basis and submitted to Rural Utilities by March 31 of each year.

Integrity Management Program (IMP)

Introduction

A pipeline system Integrity Management Program (IMP) is an integral part of the Safety and Loss Management System (SLMS). The SLMS is a requirement by the Alberta Energy Regulator (AER) for pipeline licensees in Alberta under Section 9 of the Pipeline Rules and in accordance with Clause 3 of the Canadian Standards Association (CSA) Z662 Oil and Gas Pipeline Standard. Members that do not have AER licensed pipelines are required to have an SLMS as specified by CSA Z662 as adopted by Rural Utilities.

Distributors are required to develop and implement a documented IMP, that specifies the practices used by the operating company to ensure the safe, environmentally responsible, and reliable service of a pipeline system. The IMP is in relation to construction, operation and maintenance, and the integrity assessment of such pipelines and facilities. The IMP is included in the SLMS, for the full pipeline life cycle that provides for the protection of people, the environment, and property.
(CSA Z662-19, Clause 3.2 Commentary)

As part of the requirements for Federation of Alberta Gas Co-ops Ltd. Member's Operations and Maintenance Guidelines (also referred to as O&M Manual), each member is required to review, update, and approve their current IMP on an annual basis. This should be coordinated with the review of other systems under the SLMS such as a Health and Safety program. The review and approval of the IMP by Board/Council motion is included in the O&M auditing process to ensure compliance.

This document sets out guidelines for developing, documenting, and implementing an IMP for the Distributor's pipeline system to provide safe, environmentally responsible, and reliable service. This Program requires supporting policies, procedures and or documentation to show that the respective requirements are being met. Any changes to the IMP must ensure that all requirements as listed by CSA Z662, Annex N are met.
(CSA Z662-19, Annex N, Clause N.0)

Integrity Management Program Scope

XYZ Co-op Ltd. (The Distributor) is committed to providing safe, environmentally responsible, and reliable service as a natural gas distributor. The intent of this IMP is that it shall cover both pipelines, as defined in CSA Z662, Clause 2 as well as facilities, as defined in CSA Z662, Annex N, Clause N.2.1.1, such as customer meters and regulators, meter stations, pressure regulating stations and Regulating, Metering, Odorization (RMO) stations.

The Distributor is committed to collect, integrate, and analyze information related to the design and type of pipeline system and facilities by following the methods outlined in its IMP.
(CSA Z662-19, Annex N, Clauses N.1, N.1.1, N.2, N.2.1, N.2.1.1, N.2.1.2, and N.2.1.3)

Policies, Objectives, and Performance Indicators

The Distributor shall document policies, objectives, and results (performance indicators) related to its IMP. Performance Indicators may include targets for gas loss, maintenance and inspection schedules, audit results, etc.
(CSA Z662-19, Annex N, Clauses N.1.2 and N.2.2)

Organization

In addition to the information found in the SLMS under Clause A.3.

The Distributor will appoint the responsibility of administering the IMP to the IMP Program Manager.

Those responsibilities shall include:

- Pipeline integrity management program development and improvement
- Records management
- Pipeline integrity management program planning and reporting
- Allocation of funding
- Implementation of plans
- Integrity performance indicators
- Integrity program audits, reviews, and evaluations

(CSA Z662-19, Annex N, Clauses N.1.3 and N.2.3)

Description of Pipeline Systems and Facilities and Integrity Management Program Records

In addition to the information found in the SLMS under Clause A.7.6.3.

The Distributor is committed to prepare and maintain a description of the system related to all pipeline and facility design, construction, operation and maintenance of their distribution system.

The Distributor shall prepare and manage records related to pipeline and facility design, construction, operation and maintenance that are required when performing the activities outlined in the IMP.

The Distributors AER pipelines licenses **XXXXX** shall be included in the IMP.

The Distributors annual Approval to Operate from Rural Utilities shall be included in the IMP.

For Distributor's that have pipelines crossing Provincial and National borders, an annual Canadian Energy Regulator (CER) pipeline approval. shall be included in the IMP.

This can be achieved by, but not limited to, the following:

a) Location of all pipelines and facilities through a current and accurate mapping system (eg GPS or other proven survey methods)
b) Identification of pipeline class locations (CSA Z662-19, Table 4.1)
c) Properly designed pipelines and facilities including maximum operating pressures, load surveys and all other pertinent operating conditions
d) All pipeline and facility specifications including pressure control equipment documentation, asset assembly specifications, quality assurance documents, material test reports (MTR), nondestructive examination (NDE), joining and inspection records, pressure testing reports, coating specifications and test records, inspection test plans (ITP), cathodic protection system design and performance. Other documentation specific to crossings, including approvals and agreements, details and drawings, photographs, inspection, and as-built reports shall be retained.
e) Record of topography, soil type, backfill material (if other than the soil type), and depth of cover at time of installation.

(CSA Z662-19, Annex N, Clauses N.1.4, N.1.5, N.2.4, N.2.5, N.2.5.1, and N.2.5.2)

Management of Change

In addition to the information found in the SLMS under Clauses A.3.3 and A.8.

The Distributor is committed to a process of managing, implementing, and tracking change that can affect the integrity of the distribution system. These changes are both those initiated by the Distributor and those that are not in the control of the Distributor.

This process may include, but is not limited to:

- Annual updating the Distributors mapping system for foreign pipelines, facilities, and pipeline ownership
- Monitoring source pressure, operating pressures due to load changes, and gas quality
- Employment training and mentoring to ensure a continuous qualified staff
- Updating the organizational charts to ensure operational hierarchy and corresponding responsibilities
- Reviewing proposed design changes that may affect the functionality of the pipeline, facility, and control systems with your Engineer prior to implementation.
- Reviewing inspection records of piping, valves, pressure control, and measurement equipment to identify changes that could affect the integrity of the distribution system
- Monitoring physical environment changes as it relates to the distribution system
- Compliance with and auditing of the Federation O&M Manual
- Governance training and succession planning for directors
- Methods practices and procedures related to pipeline integrity management
- Monitoring changes in technical requirements, industry standards, and regulations

(CSA Z662-19, Annex N, Clauses N.1.6 and N.2.6)

Competency and Training

In addition to the information found in the SLMS Clause A.4.2.

The Distributor shall employ qualified personnel or approved/qualified contractors and support participation in training programs as may be required to safely construct, operate, and maintain the pipelines and facilities.

The skill requirements are based on system or operating requirements which may include but not necessarily limited to the following training:

- Gas Utility Operator
- Gasfitter
- RMO I and II
- Emergency Response
- First Aid & CPR
- H_2S Alive
- WHMIS
- Confined Space Entry
- Transportation of Dangerous Goods
- High Energy Joining
- PE Fusion
- Olfactory Testing
- Ground Disturbance
- Defensive Driving
- Any training course that may be found in the Distributors Health and Safety Policies and Procedures

The Distributor will maintain documentation that tracks certification expiry dates and is committed to ensure the level of training meets industry requirements.

Training is available through, but not limited to:

- Federation of Alberta Gas Co-ops Ltd.
- Local accredited training facilities

- Online training
- Industry workshops/seminars
- Inhouse mentorship

(CSA Z662-19, Annex N, Clauses N.1.7, N.1.7.1, N.1.7.2, N.2.7, N.2.7.1, and N.2.7.2)

Hazard Identification and Control

In addition to the information found in the SLMS Clause A.7.3.

The Distributor is committed to the identification of hazards that can lead to failures, external interference, and damage incidents. Hazards that are within the scope of risk assessments must be identified and described in sufficient detail to support root cause analysis.

This can be achieved by:

- Conducting regular staff/safety meetings
- Addressing any deficiencies found during an external audit
- Investigating all incidents
- Training on facility, equipment, or technological changes via virtual or hands on
- Reviewing industry and regulatory related bulletins
- Sharing Health and Safety learnings with the Federation Health and Safety Working Group

(CSA Z662-19, Annex N, Clauses N.1.8, N.1.8.1, N.2.8, and N.2.8.1)

In addition to the information found in the SLMS Clause A.7.3.

The Distributor will keep records of all failures or external incidents for the life of the facility and pipeline system. Using this historical data will allow the identification of potential hazards on specific sections of the facilities and pipelines system and also identify repeat external interference incidents. Consideration should be given to the location of the failure, the cause or type of failure, the component of the facility and pipeline system, failure occurrence, and all other details pertinent to the incident. If one section shows an abnormal failure rate, this section will be monitored more frequently and replaced if deemed necessary.

This can be achieved by:

- Following the Federation O&M Manual
- Following the Distributors Health and Safety Policies and Procedures
  Review of applicable Industry incidents

(CSA Z662-19, Annex N, Clauses N.1.8.2, N.1.8.3, N.2.8.2, and N.2.8.3)

Risk Assessment General and Documentation and Risk Analysis Approach, Evaluation, Refinement, and Reduction Evaluation

In addition to the information found in the SLMS Clause A.9.3.

The Distributor is committed to reducing exposure to risk to their facilities and pipelines through preventative analysis, documentation, evaluation, and refinement. The Distributor takes into account the frequency and consequences of incidents, the significance of the estimated risk and identifying, evaluating and implementing options for reducing risk.

If the Distributor deems the risk level to be significant, a more in depth analysis will be undertaken. The Distributor will consult with a third party specialist and undertake further investigation as may be required to lower the risk level.

This can be achieved by:

- Determining the impact of the risk

- Determining the negative consequences and severity that would result
- Determining the probability of the risk occurring

An Assessment Matrix, like the one in the Emergency Preparedness and Response section of the Federation O&M Manual, could be utilized.

(CSA Z662-19, Annex N, Clauses N.1.9, N.1.9.1, N.1.9.2, N.1.9.3, N.1.9.4, N.1.9.5, N.1.9.6, and N.2.9)

Options for Reducing Likelihood and Consequences of Failure or Damage Incidents and Operating Errors

In addition to the information found in the SLMS Clause A.9.

The Distributor is committed to track failure incidents, external interference incidents, damage, deterioration, environmental protection, and safety to any and all parts of its distribution system. The Distributor is committed to report all such incidents to the proper governing authorities.

The Distributor shall follow procedures set out in the Federation O&M Manual for investigating and reporting failure and external interference incidents. Such incidents shall be documented and reported to the proper authorities immediately. Documentation shall include:

- Location
- Incident date and time
- Weather conditions
- Operation of pipeline
- Pipe specification
- Coating condition
- Cathodic protection status
- External interference
- Joining method
- Volume release
- Ground condition
- Pipeline locate request (completion and exposure)

An analysis of each incident shall be undertaken to seek improvements to the IMP on a per incident basis.

The Distributor is committed to reduce the frequency of failure incidents associated with improper operation and control system malfunction in the following manners:

- Continuing personnel training
- Improved pipeline control and monitoring methods
- Changing the operating and maintenance practices
- Improvements to the pipeline and above ground facilities

(CSA Z662-19. Annex N, Clauses N.1.10, N, 1.10.1, and N, 2.10)

External Interference

In addition to the information found in the SLMS Clause A.9.

The Distributor is committed to reduce the frequency of failure incidents and external interference incidents in the following ways:

- As a member of Utility Safety Partners
- Maintains all above ground facilities for vegetation control on a semi-annual basis
- Performing right-of-way patrols and pipeline inspections as required
- Use only qualified pipeline locators

- Erect fences and structures to protect its facilities
- Maintain appropriate pipeline signage
- Participate in public awareness sessions

(CSA Z662-19, Annex N, Clause N.1.10.2)

Imperfections

In addition to the information found in the SLMS Clause A.9.

The Distributor is committed to reduce the frequency of failure incidents due to manufacturing and/or construction defects by the following:

- Participating in the Federation Quality Assurance Program
- Temporarily reducing operating pressures
- More frequent monitoring of cathodic protection
- Pressure testing
- Pipe repair and/or replacement
- Inspect any exposed pipeline during normal operation for pipe/tracer wire/coating imperfections and/or damage and general condition

(CSA Z662-19, Annex N, Clause N,1.10.3)

Natural Hazards

In addition to the information found in the SLMS Clause A.9.

The Distributor is committed to reduce the frequency of failure associated with natural hazards by the following:

- Inspection of critical watercourse crossings after flood events
- Performing right-of-way patrols and pipeline inspections as required
- Erect fences and structures to protect its facilities
- Relocate pipelines if necessary

(CSA Z662-19, Annex N, Clause N.1.10.4)

Consequence Reduction

In addition to the information found in the SLMS Clause A.9.

The Distributor is committed to reduce the consequences associated with failure incidents by the following:

- Automatic meter reading on all sales taps to provide quick balancing discrepancies
- Pressure and temperature alarms on all sales taps to detect any variance in gas delivery pressures
- Following all emergency response procedures as adopted in the Federation O&M Manual
- Participating in local mock disasters and public awareness campaigns

(CSA Z662-19, Annex N, Clause 1.10.5)

Integrity Management Program Planning

The Distributor is committed to establishing plans and schedules related to pipeline system integrity management. The frequency and type of inspection shall be in accordance with the Federation O&M Manual. (CSA Z662-19, Annex N, Clauses N.1.11, N.1.11.1, N.2.11, and N.2.11.1)

The Distributor shall take the following into consideration when planning its IMP:

- Known existing problems that could lead to a failure incident
- Potential greater risk for pipelines and facilities located in high consequence areas
- The potential of those existing problems to grow in magnitude
- Controlling identified hazards through historical data

- Reducing the estimated risk level through third party consultation
- Regularly scheduled inspections, testing, patrols, and monitoring
- Annual reviews of the IMP to ensure effectiveness of the program
- Failure and external interference incident history of the Distributor and the pipeline industry as a whole

(CSA Z662-19, Annex N, Clause N.1.11.2)

The Distributor is committed to document all methods used to prioritize and schedule activities related to its IMP.
(CSA Z662-19, Annex N, Clauses N.1.11.3 and N.2.11.2)

The Distributor shall, upon completion of pipeline and facility integrity activities, review the following:

- Methods and procedures were performed properly
- Any changes were approved prior to implementation
- Objectives were achieved
- Incomplete work noted
- Any recommendations for future work noted
- All work documented

(CSA Z662-19, Annex N, Clauses N.1.11.4 and N.2.11.3)

The Distributor shall share the IMP plans with their appropriate personnel.
(CSA Z662-19, Annex N, Clauses N.1.11.5 and N,2,11, 4)

Inspections, Testing, Patrols, and Monitoring

The Distributor is committed to follow all procedures set out in the Federation O&M Manual for inspecting, patrolling, testing, and monitoring its distribution system. This will include:

- Verifying the satisfactory operation of the cathodic protection system through a third party inspection or assessment by a corrosion specialist on a scheduled basis
- Monitoring of the internal corrosion control program through visual inspection and lab analysis of cut-outs
- Undertaking leak detection on all pipelines on a regular interval. Methods will include daily gas volume monitoring, monthly wholesale/retail gas balancing and regularly scheduled gas detection surveys.
- Inspecting block valves for proper operation and leakage on a scheduled basis
- Inspecting facility pressure regulators and relief valves on a scheduled basis
- Pipeline patrolling on a scheduled basis

(CSA Z662-19, Annex N, Clauses N.1.12, N.1.12.1, and N.2.12)

The Distributor shall base its frequency of inspections, if not specified by code or regulation, then on historical performance of its distribution system and industry standards.
(CSA Z662-19, Annex, Clauses N.1.12.2 and N.2.12.1)

The Distributor shall utilize a cathodic specialist to evaluate the condition of the cathodic protection of the system and follows corrective actions as recommended.
(CSA Z662-19. Annex N, Clauses N.1.12.3, N.1.12.4, and N.1.12.6)

The Distributor shall regularly inspect pipelines and facilities (filters, drains, pipeline components, etc.) that may collect corrosive agents. Any corrosive agents collected shall be tested to determine the chemical nature and potential impact on the pipeline system and/or facilities or gas quality. Upon opportunity, inspect all coupon/cutouts on metallic pipelines for internal corrosion. The results of this inspection/analysis will be

documented.
(CSA Z662-19, Annex N, Clauses N.1.12.5 and N.2.12.2)

The Distributor shall include in its documents of inspections, testing, patrolling, and monitoring the following:

- Dates performed
- Methods and equipment used, including the most recent calibration of such equipment
- Results and observations and subsequent evaluations of those results

(CSA Z662-19, Annex N, Clauses N.1.12.7 and N.2.12.3)

Evaluation of Inspection, Testing, Patrol, and Monitoring Results

The Distributor shall evaluate potential deficiencies that may lead to a failure incident. Such evaluation may include consulting with a corrosive specialist or undertaking an engineering assessment.
(CSA Z662-19, Annex N, Clauses N.1.13, N.1.13.1, N.2.13, and N.2.13.1)

Evaluation of Indications of Imperfections

In addition to the information found in the SLMS under Clause A.7.9.

The Distributor shall have all imperfections evaluated as identified in the inspection reports. Such evaluations shall be in accordance with the requirements as stated in Z662 for all types of pipelines and facilities.
(CSA Z662-19, Annex N, Clauses N.1.13.2, N.1.13.2.1, N.2.13.2, N.2.13.2.1, N.1.13.2.2, and N.2.13.2.2)

Natural Hazard Evaluations

The Distributor shall assess and monitor for slope instability, erosion, scour, loss of cover, ice effects, etc. that may adversely impact the pipeline or facility. If any of these concerns exists near a pipeline or facility, increased monitoring is required to determine risk of potential failure.
(CSA Z662-19, Annex N, Clause N.1.13.3)

Records of Recommendations

In addition to the information found in the SLMS under Clause A.6.

The Distributor shall document records of recommendations and dispositions of recommendations.
(CSA Z662-19, Annex N, Clauses N.1.13.4 and N.2.13.3)

Corrective Action

In addition to the information found in the SLMS under Clause A.9.

The Distributor shall assess and document the corrective actions and repair procedures required to prevent failures or damage with significant consequences. Where pipelines or facilities are not suitable for continued service at current operating levels, they shall be repaired, replaced, or operated at a lower pressure as may be determined by an engineering assessment.
(CSA Z662-19, Annex N, Clauses N.1.14, N.1.14.1, N.1.14.2, N.1.14.3, N.2.14, N.2.14.1, N.2.14.2, and N.2.14.3)

Continual Improvement, Integrity Management Program Review and Evaluation

In addition to the information found in the SLMS under Clause A.9.

The Distributor shall develop and document a process for continual improvement, document the results of reviews and evaluations of the IMP and consider the following in that process.

- Annual reviews and evaluations
- Effects of changes to the pipeline and facilities
- Assess trends resulting from the audit
- Review the status of the integrity performance indicators
- Review incident analysis
- Review and learn from events

(CSA Z662-19, Annex N, Clauses N.1.15, N.1.15.1, N.2.15, and N.2.15.1)

Performance Monitoring and Measurement and Audits

In addition to the information found in the SLMS under Clause A.9.

The Distributor shall establish and maintain documented procedures for internal audits on an annual basis to ensure the integrity of the Distributors pipelines and facilities. In addition, and in accordance with the Federation O&M Manual - Audit Procedures section, an external audit will be completed on a scheduled basis.
(CSA Z662-19, Annex N, Clauses N.1.15.2, N.1.15.3, N.2.15.2, and N.2.15.3)

Control of Nonconformance

In addition to the information found in the SLMS under Clause A.9.6.

The Distributor shall establish and maintain procedures for defining responsibility and authority for handling and investigating nonconformances, and for initiating and completing corrective and preventive action.
(CSA Z662-19, Annex N, Clauses N.1.15.4 and N.2.15.4)

Incident Investigations

The Distributor shall follow the procedures in the Federation O&M Manual and the Distributor’s Health and Safety Policies and Procedures for failure and damage incidents.
(CSA Z662-19, Annex N, Clauses N.1.16 and N.2.16)

Integrity Management Program (IMP)

Declaration, Commitment, and Authority

XYZ Co-op Ltd. (The Distributor) is committed to the development and implementation of a documented Integrity Management Program (IMP) for the pipeline system that provides protection of people, the environment, and property.

The Board/Council fully supports the IMP in its entirety and accepts that all the terms, conditions, and commitments are being satisfied based on an annual report and confirmation by the IMP Program Manager. (CSA Z662-19, Annex N, Clauses N.1.3 and N.2.3)

Board/Council Chairperson Signature: _____

General Manager Signature: _____

Date: _____

Safety and Loss Management System (SLMS)

Introduction

The Safety and Loss Management System (SLMS) is a requirement by the Alberta Energy Regulator (AER) for pipeline licensees in Alberta under Section 9 of the Pipeline Rules and in accordance with Clause 3 of the Canadian Standards Association (CSA) Z662 Oil and Gas Pipeline Standard. Members that do not have AER licensed pipelines are required to have an SLMS as specified by CSA Z662 as adopted by Rural Utilities.

A SLMS is a systematic, comprehensive, and proactive set of interrelated processes for the management of pipelines and facilities. It is intended that the SLMS covers the full pipeline life cycle (design, procurement, construction, operations, and abandonment activities). Distributors are required to develop and implement a documented SLMS for the pipeline system that provides for the protection of people, the environment, and property.
(CSA Z662-19, Clause 3.2 Commentary)

As part of the requirements for Federation of Alberta Gas Co-ops Ltd. Member's Operations and Maintenance Guidelines (also referred to as O&M Manual), each member is required to review, update, and approve their current SLMS on an annual basis. This should be coordinated with the review of other systems under the SLMS such as a Health and Safety Program and Integrity Management Program. The review and approval of the SLMS by Board/Council motion is included in the O&M auditing process to ensure compliance. Attachment "A" – SLMS Self Audit Template was created to assist Distributors in ensuring compliance.

This document sets out guidelines for developing, documenting, and implementing an SLMS for the distributors pipeline system to provide safe, environmentally responsible, and reliable service. This Program requires supporting policies, procedures and or documentation to show that the respective requirements are being met. Any changes to the SLMS must ensure that all requirements as listed by CSA Z662, Annex A are met.
(CSA Z662-19, Annex A, Clause A.1)

Safety and Loss Management System Scope

XYZ Co-op Ltd. (The Distributor) is a natural gas distributor providing for the supply of natural gas to its members and customers. This SLMS is an integrated framework that provides a systematic approach to planning, implementing, measuring, and improving organizational performance for the distributor's facilities. The SLMS includes the policies, programs, processes, and procedures used by the organization to ensure that it can fulfill all of the tasks required to achieve its objectives in a safe, environmentally sustainable approach. This SLMS defines and enables governance of the program, prioritization, and decision making for the life cycle of the system.

The Distributor is committed to supply resources required for the SLMS for the pipeline system that will provide protection for people, the environment, and property.
(CSA Z662-19, Annex A, Clauses A.2 and A.2.1)

Life Cycle Approach

The Distributor is committed to managing a SLMS that will address the entire life cycle of the pipeline system.

The pipeline life cycle is defined in the CSA Z662 as the period of time including design, procurement, construction, operation, and abandonment.
(CSA Z662-19, Annex A, Clause A.2.2)

Process Approach

The Distributor shall have documented processes in place for the design, procurement, construction, operation and maintenance, and abandonment of the pipeline system.

This shall be achieved by:

- Design – Compliance with the Technical Standards Manual, CSA Z662, and Pipeline Rules
- Procurement – Following the Distributor's Financial and Quality Assurance Policies
- Construction – Compliance with the Technical Standards Manual, CSA Z662, and Pipeline Rules
- Operation and Maintenance – Following the Federation O&M Manual, CSA Z662, Pipeline Rules, and AER Directives
- Abandonment – Following the Federation O&M Manual, CSA Z662, Pipeline Rules, and AER Directives

(CSA Z662-19, Annex A, Clause A.2.3)

Management Responsibility and Policy

The Distributor is committed to distributing natural gas through a pipeline system. The pipeline system shall be designed, constructed, operated, and maintained in compliance with regulatory and legal requirements. A review of the SLMS shall occur to ensure effectiveness, to review objectives and ensure compliance as per CSA Z662, Clause 3.

This shall be achieved by:

- Annual Board/Council review and approval of the SLMS policy
- Sharing the results of the review with all levels of the organization

(CSA Z662-19, Annex A, Clauses A.3 and A.3.1)

Leadership Commitment

The Distributor's Board of Directors/Council shall be fully committed to the SLMS.

This shall be achieved by:

- Developing the SLMS with Management
- Allocating funds, through budgeting, to ensure SLMS compliance
- Compliance with the Quality Management Plan (QMP)
- Annual review of the SLMS with Management

(CSA Z662-19, Annex A, Clause A.3.2)

Organization, Responsibilities and Authorities, and Management Representative

Each Distributor shall maintain an organization chart identifying responsibilities in accordance with the requirement of this SLMS. The Distributor will appoint a SLMS Program Manager responsible to the Board/Council to ensure SLMS compliance.

This information can be obtained by the Distributor's:

- Organizational Chart
- Job Descriptions
- Succession Plan

(CSA Z662-19, Annex A, Clauses A.3.3, A.3.3.1, and A.3.3.2)

Management of Resources and Provision of Resources

The Distributor shall provide adequate resources through its' annual budget to ensure SLMS compliance.
(CSA Z662-19, Annex A, Clauses A.4 and A.4.1)

Human Resources and Training and Competency

The Distributor shall employ qualified personnel or contractors and support participation in training programs as required to safely construct, operate, and maintain the pipeline system. The system requirements will determine the applicable qualifications required.

These requirements can be found in the:

- Federation O&M Manual
- Distributors Health and Safety Policies and Procedures
- Federation Training Calendar

(CA Z662-19, Annex A, Clauses A.4.2 and A.4.2.1)

Contractor Services

The Distributor shall only hire qualified contractors as determined by the Distributor's Health and Safety Policies and Procedures criteria. Contractors will be assessed for work performance, compliance and must abide by the Distributor's Health and Safety Policies and Procedures unless the contractor has a more stringent program as determined by the Distributor. The contractor will be monitored and any inconsistencies will be immediately brought forward and rectified.
(CSA Z662-19, Annex A, Clause A.4.2.2)

Infrastructure

The Distributor shall identify, provide, and maintain all infrastructure necessary for the effective implementation of the SLMS.

This can be achieved by an approved annual budget, along with the resources (eg. equipment, technology, etc.) to ensure safe workspaces.
(CSA Z662-19, Annex A, Clause A.4.3)

Work Environment

The Distributor shall take into consideration the human and physical factors of the work environment to provide trained and competent personnel who have the ability to do the work safely and effectively. This includes the provision of proper equipment to work in the environment that is to be expected, including properly equipped vehicles, PPE, gas monitoring equipment, tools, etc.

This shall be achieved by:

- Following the Federation O&M Manual - Tools & Equipment section
- Following the Distributors Health and Safety Policies and Procedures
- Implementing the Distributors Human Resources (HR) Policy

(CSA Z662-19, Annex A, Clause A.4.4)

Communication

The Distributor shall have in place an effective communication system so that all employees, management, and Board/Council members are cognizant of the working of the SLMS.

Communication shall include, but is not limited to:

- Regular Board/Council meetings
- Regular staff/safety meetings
- Following the Federation O&M Manual - Pre-Job Meeting section

(CSA Z662-19, Annex A, Clause A.5)

Documents and Records, Control of Documents, and Control of Records

The Distributor shall have procedures for collecting, retaining, and revising documentation related to design, construction, operation, and maintenance of their pipeline system. Any policy, procedure, process, records, and objectives must be documented. All documentation must be current, legible, and accessible.

This can be achieved by:

- Compliance with the QMP
- Implementation of the IMP
- Following the Federation O&M Manual
- Following the Distributors Health and Safety Policies and Procedures

(CSA Z662-19, Annex A, Clauses A.6, A.6.1, A.6.2, and A.6.3)

Control

The Distributor shall implement core control processes defined as Management of Change and Continual Improvement along with sections A8 and A9.

This can be achieved by:

- Compliance with the QMP
- Implementation of the IMP
- Following the Federation O&M Manual
- Following the Distributors Health and Safety Policies and Procedures

(CSA Z662-19, Annex A, Clauses A.7 and A.7.1)

Project Management, Planning, Project Change Control, and Project Review

The Distributor shall have a documented process for Project Management.

A project consists of a set of coordinated and controlled activities (eg. planning, design, project control, and project review) with start and finish dates, undertaken to achieve an objective conforming to specific requirements, including the constraints of time, cost, and resources.

This can be achieved by, but not limited to:

- Implementation of the IMP
- Following the Distributor’s Procurement and Contract Awarding Practices
- Following the Distributor’s Financial Practices

(CSA Z662-19, Annex A, Clauses A.7.2, A.7.2.1, A.7.2.2, A.7.2.3, and A.7.2.4)

Risk Management

The Distributor shall have a process for identifying, assessing, and controlling risks that can lead to a failure or an external interference incident.

This can be achieved by:

- Compliance with the QMP
- Implementation of the IMP

- Following the Federation O&M Manual
- Following the Distributors Health and Safety Policies and Procedures
- Following the Distributors internal Policies and Procedures

(CSA Z662-19, Annex A, Clause A.7.3)

Design, Planning, and Design Control

The Distributor shall use the services of a Professional Engineer (recognized by APEGA) to establish pipe and station design, materials, minimum end of line pressure, route selection, testing and material requirements by following.

- Requirements in all applicable Provincial legislation, such as but not limited to:
  - The Gas Distribution Act
  - The Pipeline Rules and Regulations
  - The Occupation Health and Safety Act, and all codes and regulations applicable
- Requirements in all applicable Standards, such as but not limited to:
  - Canadian Standards Association (CSA) Z662 Oil and Gas Pipeline Standard
  - Canadian Standards Association (CSA) Z246.2 Emergency Preparedness and Response for Petroleum and Natural Gas Industry Systems
  - Canadian Standards Association (CSA) B149.1 Natural Gas and Propane Installation Code
  - The Technical Standards Manual for Gas Distribution Systems in Alberta
  - The Federation O&M Manual

(CSA Z662-19, Annex A, Clause A.7.4, A.7.4.1, and A.7.4.2)

Procurement

The Distributor shall have a quality assurance procedure that identifies approved contractors, suppliers, pipeline specifications, material inspection data sheet (MIDS), test reports, joining and inspection records, cathodic protection system design and performance.
(CSA Z662-19, Annex A, Clause A.7.5)

Construction and Control of Construction

The Distributor shall have a construction process in place before commencement of any project(s).

This shall be achieved by:

- Registered Utility Right of Ways
- Signed crossing or re-entry agreements, where applicable
- Landowner(s) consent of route
- Use of an approved/qualified contractor
- Issuance of drawings "Approved for Construction"
- Securing necessary materials
- Meeting legislative requirements, as applicable

(CSA Z662-19, Annex A, Clauses A.7.6 and A.7.6.1)

Qualification of Processes for Construction and Installation

The Distributor shall only use pre-approved processes and procedures for construction. Processes or procedures not pre-approved will require an engineered procedure/assessment.
(CSA Z662-19, Annex A, Clause A.7.6.2)

Identification and Traceability

The Distributor shall have a process in place for tracking and identifying pipeline system components or products as per the Distributors IMP.
(CSA Z662-19, Annex A, Clause A.7.6.3)

Operations and Maintenance

The Distributor is committed to have a set of procedures as set out in the Federation Operation & Maintenance manual.
(CSA Z662-19, Annex A, Clause A.7.7)

Pipeline System Integrity Management

The Distributor shall maintain an Integrity Management Program (IMP).
(CSA Z662-19, Annex A, Clause A.7.8)

Engineering Assessments

The Distributor shall have a process for conducting engineering assessments by a Professional Engineer (recognized by APEGA).
(CSA Z662-19, Annex A, Clauses A.7.9 and A7.9.1)

Engineering Assessment Process, Methodology, and Documentation

The Distributor shall use a Professional Engineer (recognized by APEGA) to perform all engineering assessments when the scope of work is beyond routine procedures. The process, methodology, and documentation will be established with the Professional Engineer prior to the assessment.

These assessments shall include:

- Corrosion mitigation on an existing pipeline
- Changing pressures on an existing pipeline
- Changing regulatory bodies on an existing pipeline (eg. going from Rural Utilities to AER)
- Recommissioning an abandoned pipeline
- Engineering Assessments as outlined in CSA Z662, Clause 3.4

(CSA Z662-9, Annex A, Clauses A.7.9.2, A.7.9.3, and A.7.9.4)

Management of Change

The Distributor shall have in place a written process to convey all significant impacts/changes on the safe operation of the Utility.

This shall apply to:

- Organizational changes
- Changes to facilities, equipment, and technology
- Changes to procedures or practices
- Changes to technical requirements
- Changes to physical environment (eg. land development)

(CSA Z662-19, Annex A, Clauses A.8 and A.8.1)

Management of Change Process

The Distributor shall have a process that includes identification and analysis of changes, documentation of changes, approval of changes, implementation and communication sharing of changes and a review process of the effectiveness of the changes made.

This is achieved by:

- Daily health & safety meetings
- Federation O&M Manual review on policy changes
- Monthly operational & Board of Director/Council meetings
- Key personnel changes via job descriptions and operational hierarchy
- Facility, equipment, and technology changes via virtual and hands on training
- Yearly reviews and audits (eg. internal audits, O&M Audits, financial audits, etc.)

(CSA Z662-19, Annex A, Clause A.8.2)

Continual Improvement and Objectives

The Distributor shall establish relevant measurable and consistent objectives and targets for improvement to achieve the SLMS goals.

This may be achieved by establishing targets for, but not limited to:

- Gas reconciliation
- Completion of maintenance programs and inspection requirements
- Review of accidents and incident reports

(CSA Z662-19, Annex A, Clauses A.9 and A.9.1)

Reporting

The SLMS Program Manager will report annually to the Distributor's Board of Directors/Council the status and progress on meeting the established targets.
(CSA Z662-19, Annex A, Clause A.9.2)

Learning from Events

The Distributor will develop and implement a process for learning from events that have or could have affected the safety and operation of the pipeline system, assets, personnel, and the environment.
(CSA Z1662-19, Annex A, Clause A.9.3)

Performance Monitoring

The Distributor will continually monitor the performance and conformance of reaching its objectives and targets as established.
(CSA Z662-19, Annex A, Clause A.9.4)

Conformance Monitoring

The Distributor is committed to conformance monitoring of the procedures with regular reviews and periodic audits to confirm compliance.

This is achieved through:

- The Federation's Operation and Maintenance Committee's Standards review process
- The Federation external operation and maintenance audit process
- Regular self review of the SLMS

(CSA Z662-19, Annex A, Clause A.9.5)

Control of Nonconformance

The Distributor will identify any nonconformance to this SLMS and take corrective actions and evaluate effectiveness to mitigate any impacts.
(CSA Z662-19, Annex A, Clause A.9.6)

Management Review, Review Input and Output

The SLMS Program Manager shall be responsible to review and evaluate the SLMS. If improvements are required, they shall be implemented and documented.

Reviews of the SLMS shall include but not limited to:

- Compliance with the QMP
- Implementation of the IMP
- Following the Federation O&M Manual
- Following the Distributors Health and Safety Policies and Procedures

(CSA Z662-19, Annex A, Clauses A.9.7, A.9.7.1, A.9.7.2, and A.9.7.3)

Safety and Loss Management System (SLMS)

Declaration, Commitment, and Authority

XYZ Co-op Ltd. (The Distributor) is committed to the development and implementation of a documented Safety and Loss Management System (SLMS) for the pipeline system that provides protection of people, the environment, and property.

The Board/Council fully supports the SLMS in its entirety and accepts that all the terms, conditions, and commitments are being satisfied based on an annual report and confirmation by the SLMS Program Manager. (CSA Z662-19, Annex A, Clause A.9.2)

Board/Council Chairperson Signature: _____

General Manager Signature: _____

Date: _____

8.0 Glossary

List of Relevant Regulatory Documents

The following is a list of the regulatory documents that are applicable to the Federation and its Member Utilities. To view and print up-to-date legislation, visit www.qp.alberta.ca. CSA Codes must be purchased separately.

Regulatory documents that all utility offices *must* keep up-to-date printed copies of:

- CAN/CSA B149.1 Natural Gas and Propane Installation Code
- CAN/CSA Z246.2 Emergency Preparedness and Response for Petroleum and Natural Gas Industry Systems
- CAN/CSA Z662 Oil & Gas Pipeline Standard
- CAN/CSA Z731 Emergency Planning for Industry
- Class 7 – Pressure Factor Metering, Revised 07-07-98
- Electricity and Gas Inspection Act
- Electricity and Gas Inspection Act – Regulation
- Environmental Protection and Enhancement Act
- Environmental Protection and Enhancement Act – Pesticide (Ministerial) Regulation
- Environmental Protection and Enhancement Act – Pesticide Sales, Handling, Use, and Application Regulation
- Environmental Protection and Enhancement Act – Release Reporting Regulation
- Gas Distribution Act
- Municipal Government Act
- Occupational Health and Safety Act
- Occupational Health and Safety Act – Code
- Occupational Health and Safety Act – Regulation
- Operations and Maintenance Manual
- Pipeline Act
- Pipeline Rules
- Quality Management Plan (QMP)
- Rules for Pressure Factor Measurement, August 1975
- Rural Utilities Act
- Rural Utilities Act – Regulation
- Safety Codes Act – Permit Regulation
- Supplemental By-laws of the Federation of Alberta Gas Co-ops Ltd.
- Technical Standards and Specifics Manual for Gas Distribution Systems
- Traffic Safety Act
- Traffic Safety Act – Commercial Vehicle Safety Regulation
- Traffic Safety Act – Use of Highway and Rules of the Road Regulation
- Water, Gas, and Electric Companies Act

Regulatory documents that utility offices are recommended to keep up-to-date printed copies of:

- Alberta Personal Information Protection Act
- Apprenticeship and Industry Training Act
- Apprenticeship and Industry Training Act – Gasfitter Trade Regulation
- Apprenticeship and Industry Training Act – Gas Utility Operator Occupation Regulation
- Dangerous Goods Transportation and Handling Act
- Dangerous Goods Transportation and Handling Act – Regulation
- Environmental Protection and Enhancement Act – Activities Designation Regulation
- Environmental Protection and Enhancement Act – Conservation and Reclamation Regulation
- Environmental Protection and Enhancement Act – (Miscellaneous) Regulation
- Environmental Protection and Enhancement Act – Substance Release Regulation
- Gas Utilities Act
- Gas Utilities – Code of Conduct Regulation
- Safety Codes Act
- Safety Codes Act – Administrative Items Regulation
- Safety Codes Act – Certification and Permit Regulation
- Safety Codes Act – Electrical Code Regulation
- Safety Codes Act – Exemption Regulation
- Safety Codes Act – Gas Code Regulation
- Safety Codes Act – Pressure Equipment Exemption Order
- Safety Codes Act – Pressure Equipment Safety Regulation
- Traffic Safety Act – Commercial Vehicle Certificate and Insurance Regulation
- Traffic Safety Act – Vehicle Dimension and Weight Regulation
- Traffic Safety Act – Demerit Point Program and Service of Document Regulation
- Traffic Safety Act – Distracted Driving Regulations
- Traffic Safety Act – Drivers' Hours of Service Regulation
- Traffic Safety Act – Operator Licensing and Vehicle Control Regulation
- Traffic Safety Act – Vehicle Equipment Regulation
- Traffic Safety Act – Vehicle Inspection Regulation
- Worker's Compensation Act

Quick Reference Guide

AAF	Alberta Agriculture and Forestry (Ministry)
AUC	Alberta Utilities Commission
AFREA	Alberta Federation of Rural Electrification Associations
AMR	Automatic Meter Reading
AER	Alberta Energy Regulator
Federation or FedGas	Federation of Alberta Gas Co-ops Ltd.
FIRE	FedGas Insurance Reciprocal Exchange
GJ	Gigajoules

H_2S	Hydrogen Sulfide
kGJ	1000 GJ = 1000 Gigajoules
kPa	Kilopascal (6.895 kPa = 1 psi)
NAIT	Northern Alberta Institute of Technology
PE	Polyethylene (as in PE pipe)
REA	Rural Electrification Association
RMA	Rural Municipalities of Alberta
RMO	Regulating, Metering, Odorizing (as in RMO stations)
ROI	Return on Investment
RUA	Rural Utilities Act
RUBIS	Rural Utilities Billing Information System
URW	Utility Right-of-Way
UCA	Utilities Consumer Advocate

Terms and Acronyms with Definitions

Term	Acronym / Abbreviation	Definition
Alberta Utilities Commission	AUC	The AUC is jointly funded by industry and the Alberta Government. Part of the AUC mandate is to ensure that Alberta's energy resources are exploited with due consideration to sound technical and conservation principles.
Alberta Agriculture and Forestry (Ministry)	AAF	**Major Responsibilities:** • **Industry Growth** - facilitates new and diversified product development (primary and value-added food and non-food products), enhanced market access for agriculture and food industry products and improved food industry business services, including access to capital, risk management tools, business and entrepreneurial processes, and enhanced infrastructure. • **Rural Sustainability** - maintains or improves Alberta's air, water, and soil for the well-being of current and future generations through essential policy, legislation, information and services related to soil conservation, water quality, range management, climate change, and biodiversity. • **Safety Nets** - provides safety net funding (through programs such as Farm Income Disaster Program, Crop Insurance, Farm Fuel Distribution Allowance,

		drought preparedness and disaster initiatives) to allow farmers the opportunity to adopt the most economically viable management practices for their area.
Alberta Federation of Rural Electrification Associations	AFREA	The AFREA supports the agricultural community through effective representation with governments, electrical utility companies, the Alberta Utilities Commission (AUC), and other industry stakeholders in order to insure fair and equitable electrical service for rural individuals and their families. The Alberta Federation of REAs (AFREA) is a strong voice for the farming communities of Alberta and recognizes the needs of its members by effectively dealing with the electrical issues that impact the REAs and their members. The Alberta Federation of REAs has grown to serve more than 30,000 members throughout the Province of Alberta. The AFREA provides essential feedback from the rural electricity user that is required by government to keep in touch with the needs of the farm community.
As-built		Refers to plans that show the location of a constructed physical feature in the ground. Annually Federation members submit the as-built plans of their systems to Rural Utilities Division. These plans are critical to the safety of workers in the energy sector, utility business and third-party contractors involved in ground disturbance. These plans which are generally provided in digital format are compiled into a 1:50,000 scale and provided to the public by Rural Utilities Branch
Automatic Meter Reading	AMR	AMR refers to the technology of automatically collecting data from gas meters and transferring that data to a central database for billing and/or analyzing.
Blanket Easement		A blanket easement may cover an entire parcel of land - not only the specific location of a utility structure. The standard Utility Right of Way used by Co-ops is a blanket easement.
British Thermal Unit	BTU	The standard unit for measuring a quantity of thermal energy. One BTU equals the amount of thermal energy required to raise the temperature of one pound of water one degree Fahrenheit and is exactly defined as equal to 1,055.05585262 joule, rounded to 1,055.056 joule, for most applications. (A joule is equal to one watt-second.)
Burner-Tip		The point of end-use consumption of natural gas, such as a furnace, hot water tank.
Canadian Gas Association	CGA	The Canadian Gas Association (CGA) is the voice of Canada's natural gas delivery industry. The Association is made up of over 200 companies, organizations and individuals who are involved in the delivery of natural gas

		in Canada and the United States. CGA members are typically local gas distribution companies from coast to coast, transmission companies, related equipment manufacturers, and other service providers.
Caveat		A warning or notice to interested parties that there's a claim against the property or a notice given by an interested party to some officer not to do a certain act until the party is heard in opposition; as, a caveat entered in a probate court to stop the proving of a will or the taking out of letters of administration, etc. A caveat is generally filed at Land Registry to secure default payments.
Compressors		Equipment which pressurizes the gas to keep it moving through the pipelines.
Cost of Service		The total amount of money, including return on invested capital, operation and maintenance costs, administrative costs, taxes, and depreciation expense, to produce a utility service. The cost of service is also known as "revenue requirements" or the total costs incurred by a utility in providing utility service.
Cost of Service Study		A study designed to determine the cost of service by class of service/or customer; used as a basis for establishing gas, transmission, and distribution rates.
Custody Transfer Point		The designated point, meter or valve, where the ownership of gas transfers from one party to another.
Customer Contract		A contract between the gas utility and the customer for the supply of natural gas and related services.
Canadian Standards Association	CSA	Canadian Standards Association
Department		Refers to the Ministry of Alberta Agriculture and Forestry (AAF) Rural Utilities
Distribution		The delivery of natural gas to an end-user through pipeline systems.
Easement		See Right-of-Way
End-User		A person or company who actually consumes natural gas (as opposed to one who sells or resells it).
FedGas Insurance Reciprocal Exchange	FIRE	An insurance company formed under the Insurance Act Revised Statutes of Alberta 1980 to administer the insurance pool
Franchise Area		Territory granted by Rural Utilities in which a Co-op system has the right to supply or make available natural gas service.

Gas Distribution Line		A gas pipeline, operating at pressures of 100 (690 kPa) pounds per square inch or less, which brings gas from the high-pressure transmission lines to the customer.
Gas Utility Operator	GUO	Service personnel who have successfully completed the Gas Utility Operators course at NAIT. Gas Utility Operators install and service gas utility pipeline systems which transport natural gas from its source to the custody transfer point of the end users.
Gigajoules (1 GJ is = to approximately 0.95 million BTU, or 0.95 thousand cubic feet of natural gas at 1000 BTU/cf)	GJ	A Canadian unit of heating value equivalent to 943,213.3 BTU. The standard gas unit in Canada will be the gigajoule pursuant to GISB under Order 587-A (1997). The Gigajoule is the standard unit of natural gas heating measurement in Canada. The average home in Alberta uses about 130 gigajoules of natural gas per year.
Grants		Provided to rural gas co-ops to help defray the cost of installing natural gas services. These grants can be related to the installation of individual gas services on existing infrastructure, upgrading of the infrastructure to maintain gas supply or for the securing of a new gas supply and related facilities - Regulating, Metering & Odorizing (RMO) Station.
Heat Value		Total heating value of the gas normally measured on a dry basis (unless otherwise specified). Defined as the number of British Thermal Units evolved by the complete combustion, at constant pressure, of one standard cubic foot of gas with air. The temperature of the gas, air and products of combustion 60 degrees Fahrenheit and all of the water formed by the combustion reaction condensed to the liquid state.
Heating Degree Day(s)		A measure of how much below a standard reference temperature actual temperatures have been. A basis for computing how much electricity and gas are needed for heating purposes.
Heating, Ventilation, and Air Conditioning	HVAC	A common industry short form.
Hydrogen Sulfide	H_2S	Is a colourless gas with a rotten egg odour that is one of the deadliest occupational hazards in Alberta. It goes by many names: H2S, Sour Gas and Sulfuretted Hydrogen
Joule		A measure of energy equal to one (1) watt second. One gigajoule (one billion joules) is roughly equal to energy from 915 cubic feet of natural gas, 29 litres of gasoline, or 278 kWh of electricity.
Kilopascal (6.895 kPa = 1 psi)	kPa	Units by which air pressure is measured.

Mcf (Thousand Cubic Feet)		Mcf stands for one thousand cubic feet. It is a unit of measure that is more commonly used in the low volume sectors of the gas industry, such as stripper well production. 1 mcf would heat one home for 2 days.
Meter		Equipment that measures and registers the amount and direction of energy quantities used over a period of time.
Meter Index		The mechanism that indicates the volume of gas passed through the meter.
National Energy Board	NEB	The federal regulatory agency in Canada which authorizes oil, natural gas, and electricity exports; certifies interprovincial and international pipelines, and designated interprovincial and international power lines; and sets tolls and tariffs for oil and gas pipelines under federal jurisdiction.
Natural Gas		Natural and/or residue gas comprised primarily of methane or a gaseous mixture of saturated hydrocarbons that is found in underground deposits, either alone or with petroleum. It is delivered directly to buildings by pipelines.
Natural Gas Liquids		Liquids obtained during natural gas production; includes ethane, propane, butanes, and condensate.
Natural Gas Vehicle	NGV	A natural gas vehicle using conventional combustion engines modified to run on natural gas.
Northern Alberta Institute of Technology	NAIT	A technical training and applied education institute designed to meet the requirements of Alberta's workplaces.
Odorant		A substance (80% tert-Butyl Mercaptan and 20% Methyl ethyl sulfide, commonly referred to as Mercaptan) added to an otherwise odorless, colorless, and tasteless gas to give warning of gas leakage and to aid in leak detection.
Odorizer		A natural gas processing equipment that adds a mercaptan sulfur odor to all-natural gas as a safety measure, allowing detection if a leak occurs. Unprocessed natural gas is usually odorless.
Peak Day Use		The highest daily use determined by the recorded volume in a 24-hour period at an RMO or a 24-hour period recorded on an AMR device divided by the thermal factor (average Btu per cubic foot divided by 1,000).
Pipeline		All parts of the physical facility through which gas is moved in transportation, including pipe, valves, and other appurtenances attached to the pipe, compressor units, metering stations, regulatory stations, delivery stations, holders, and fabricated assemblies.

Point of Delivery		Refers to the place where natural gas or a gas product is transferred from a gathering system or a gas processing plant into a transportation system (e.g. TransCanada).
Polyethylene Pipe	PE	A flexible, corrosion resistant, easily fused material that is used throughout the rural gas system. It performs well under all temperatures and conditions and is often used to reline existing pipelines that have deteriorated.
psi		Pounds per square inch.
Regulating, Metering, Odorizing Station	RMO	A building that contains the necessary equipment to regulate, meter and odorize the natural gas coming off of a main line (TransCanada or Atco) prior to being delivered to the end-user.
Regulator		A valve with an actuator in which controlled system fluid moves the valve plug relative to the valve port in response and in proportion to specified changes in downstream conditions or equipment which controls either the pressure or flow rate of gas, depending on the type of regulator.
Return on Investment	ROI	A measure of the net income a firm is able to earn with its total assets. Return on investment is calculated by dividing net profits after taxes by total assets.
Right-of-Way	ROW	An easement or right-of-way is an agreement that confers on an individual, company or municipality the right to use a landowner's property in some way. While an easement grants rights, it also has the effect of partially restricting an owner's use of those portions of land affected by the easement. For example, if you own property and a utility company has a main gas line passing under your land; they will have a registered easement that will guarantee them access to the line and restrict uses or activities that would hamper such access or cause safety concerns. Easements and rights-of-way are registered on the certificate of title to the property. They "run with the land" and are automatically transferred from one owner to another as the land is sold. Easements remain on the title until the holder of the easement discharges their rights from the certificate of title. An easement or right-of-way usually describes a particular portion of property, and although not visible on the ground, provides an area of access to the holder of the easement or right-of-way. Utilities generally use a blanket easement or right-of-way that does not describe any particular portion of the property. Easements and rights-of-way are very common. Most urban and many rural properties are subject to easement or right-of-way agreements or an interest in land required

		for the purpose of constructing, maintaining, and operating a pipeline or any right or easement of a similar nature.
Rotary Displacement Meter		A positive displacement meter in which gas flow turns a set of rotors and a fixed quantity of gas passes through on each cycle. The volume measured is proportional to the number of revolutions of the rotors.
Rural Electrification Association	REA	A not-for-profit co-operative incorporated or continued under the Rural Utilities Act, which owns an electric distribution system and supplies electric energy to members in a rural region of Alberta.
Rural Municipalities of Alberta	RMA	The RMA is a progressive association of elected rural Councils, representing the interests of rural Albertans, and committed to excellence in meeting the diverse and changing needs of its membership. Membership in the Association includes all of the province's incorporated rural municipalities: 64 municipal districts and counties, three Specialized Municipalities (Strathcona County, the M.D. of Mackenzie, and the Regional Municipality of Wood Buffalo). As well, the Special Areas Board has been granted Affiliate Membership.
Rural Utilities Act Regulation & Standard By-Laws	RUA	The Act sets the standards for incorporations, amalgamations, supplemental by-laws of rural gas co-ops and the overseeing of the business affairs of rural gas co-ops.
Rural Utilities Billing Information System	RUBIS	The Rural Utility Billing Information Systems is a co-operative billing system owned by the Federation in trust of its users. It was specifically designed for municipal and co-operative natural gas systems.
Southern Alberta Institute of Technology	SAIT	A technical training and applied education institute designed to meet the requirements of Alberta's workplaces.
Sour Gas		Natural gas that contains more than 1% hydrogen sulphide.
Spot Market		An open market for natural gas characterized by short-term purchase agreements for a delivery period of one month or less.
Sweet Oil and Gas		Petroleum containing less than 1% or no hydrogen sulphide.
Turbine Meter		A measuring device utilizing a turbine rotor which turns at a speed proportional to the flow of gas going through it.
Utility Right-of-Way	URW	See Right-of-Way
Volume Recorder		A meter driven recorder which indicates on a circular chart the volume of gas passing through the meter in

		relation to time, temperature, pressure, or any combination thereof.
Wet Gas		Raw natural gas with a relatively high concentration of natural gas liquids (ethane, propane, butane, penances, and condensates).
Works		Works means electrical power lines, natural gas pipelines, water pipelines or sewage mains and any fitting, apparatus, meter, regulator, wire, conductor, transformer, pole, pipe, valve or other thing constructed or places in or on land for the purpose of providing utility service.