

SMOKY LAKE COUNTY

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

Utilities Meeting: Natural Gas

to be held on Tuesday, December 8, 2020 at 9:00 o'clock A.M.
in the County Council Chambers, Smoky Lake and through Zoom Meeting
<https://us02web.zoom.us/j/84780321364?pwd=eFpUbK5MeUloYkEzSnk0dlhoejkxUT09>
Meeting ID: 847 8032 1364 Passcode: 701567

1. Meeting:

- 1.1 Call to Order
- 1.2 Election of Natural Gas Chairperson.
- 1.3 Election of Natural Gas Vice-Chairperson.

2. Agenda:

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

3. Minutes:

- 3.1 Adopt minutes of October 14, 2020 – Utilities Meeting: **Natural Gas Meeting.** ©
Recommendation: Motion to Adopt.
- 3.2 Utilities Meeting: – October 14, 2020 Natural Gas: **Action List.** ©
Recommendation: File for Information

4. Request for Decision:

- 4.1 Natural Gas Grain Dryer(s) Policy No. 09-18-02 ©

5. Issues for Information:

- 5.1 Manager's Report. ©
- 5.2 November Natural Gas Rates ©
- 5.3 December Natural Gas Rates ©
- 5.4 Gas Rates September Gas, October Billing 2020 ©

6. Correspondence:

- 6.1 Gas Alberta Inc. dated November 5, 2020 – RE: Gas Alberta Interim Report ©
Recommendation: File for Information

7. Delegation(s):

No Delegations.

8. Executive Session:

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

Adjournment

SMOKY LAKE COUNTY

Minutes of the **Natural Gas Meeting** held on Wednesday, **October 14, 2020** at 1:10 P.M. held virtually online through Electronic Communication Technology: Zoom Meeting and physically in Council Chambers.

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

ATTENDANCE		
<u>Div. No.</u>	<u>Councillor(s)</u>	<u>Wednesday, Oct. 14, 2020</u>
1	Dan Gawalko	Present in Chambers
2	Johnny Cherniwchan	Present in Chambers
3	Craig Lukinuk	Present in Chambers
4	Lorne Halisky	Present in Chambers
5	Randy Orichowski	Present in Chambers
C.A.O.	Gene Sobolewski	Present in Chambers
Interim C.A.O.	Lydia Cielin	Present in Chambers
Finance Manager	Brenda Adamson	Virtually Present @ 1:16pm
Nat. Gas Manager	Daniel Moric	Present in Chambers
Legislative Svcs/R.S.	Patti Priest	Virtually Present

Media	Smoky Lake Signal	Virtually Present
Media	Redwater Review	Absent
Public	None	N/A

2. Agenda:

1232-20: Gawalko That the Smoky Lake County Natural Gas Meeting Agenda for Wednesday, October 14, 2020, be adopted, as amended:

Addition to the Agenda:

1. Kevin Crush, Corporate Services Manager, Federation of Alberta Gas Co-ops Ltd. dated October 8, 2020 – Re: Federation Achievement Award.

Carried Unanimously.

3. Minutes:

1233-20: Orichowski That the Minutes of the Smoky Lake County Natural Gas Meeting held on Tuesday, August 18, 2020, be adopted.

Carried.

1234-20: Cherniwchan That the Action List from the Smoky Lake County Natural Gas Meeting dated Tuesday, August 18, 2020, be accepted as for information.

Carried.

Brenda Adamson, Finance Manager Virtually joined the meeting time, 1:16 p.m.

4. Request for Decision:

Policy Statement No. 09-18-02: Natural Gas Grain Dryer

1235-20: Lukinuk That Smoky Lake County Council defer Policy Statement No. 09-18-02: Natural Gas Grain Dryer, to the next scheduled County Natural Gas Meeting.

Carried.

5. Issues for Information:

Manager's Report

1236-20: Lukinuk

That Smoky Lake County Council accept the Natural Gas Manager's Report of statistics and activities dated October 7, 2020, and file for information.

Carried.

Natural Gas Rate – September 2020

1237-20: Cherniwchan

That the Smoky Lake County Natural Gas Rates for **September 2020**, from Gas Alberta in the amounts of \$2.50 (Gas Alberta Rate) + \$0.20 (Variable) + \$1.90 (Operations & Maintenance Charge) = \$4.60, be filed for information.

Carried.

Natural Gas Rate – October 2020

1238-20: Orichowski

That the Smoky Lake County Natural Gas Rates for **October 2020**, from Gas Alberta in the amounts of \$2.20 (Gas Alberta Rate) + \$0.20 (Variable) + \$1.90 (Operations & Maintenance Charge) = \$4.30, be filed for information.

Carried.

6. Correspondence:

Federation of Alberta Gas Co-ops Ltd.

1239-20: Lukinuk

That the correspondence received by the Smoky Lake County Natural Gas Manager, from Kevin Crush, Corporate Services Manager, Federation of Alberta Gas Co-ops Ltd. dated August 17, 2020 in regard to the July Gas, August Billing Gas Rate Survey Results, with an overall average total monthly charge in the amount of \$26.36, and Smoky Lake County's monthly charge in the amount of \$25.00, be filed for information.

Carried.

Federation of Alberta Gas Co-ops Ltd.

1240-20: Gawalko

That Smoky Lake County's Natural Gas Manager attend the Federation of Alberta Gas Co-ops Ltd.'s Year-2020 Fall Joint Zones 3 & 4 Meeting scheduled for October 22, 2020 to be held at the Thorhild Community Hall, 11-7 Avenue, Thorhild, Alberta, as Council is unable to attend due to the said meeting date conflicting with the County Council Meeting.

Carried.

Gas Alberta Inc.

1241-20: Cherniwchan

That the email received by Smoky Lake County from Paul Dunsmore, President & CEO, Gas Alberta Inc., dated September 16, 2020, including the Year-2020 Advance Information Circular relating to Gas Alberta Inc.'s annual meeting of shareholders which is scheduled for November 24, 2020 to be held virtually, and is intended to provide sufficient information for shareholders to review the profiles, nomination comments and skills self-assessments of candidates for the Company's Board of Directors, be filed for information.

Carried.

Gas Alberta Inc.
1242-20: Lukinuk

That Smoky Lake County acknowledge receipt of the correspondence from Paul Dunsmore, President & CEO, Gas Alberta Inc. dated September 22, 2020, in regard to the Gas Alberta Inc., refunding \$2.0 million to its shareholders as a result of gains generated by the Company's gas management activities during the fiscal year ending June 30, 2020; and acknowledge Smoky Lake County's portion of this refund based on the gas purchase volume for the period July 1, 2019 to June 30, 2020 is as follows:

Total gas purchases by all shareholders:	33,155,959 GJs
Total gas purchases by Smoky Lake County:	516,223 GJs
Pro-rated Refund Amount:	\$ 31,139.08
GST:	<u>\$ 1,556.95</u>
Total Refund Amount:	\$ 32,696.03

Carried.

Federation of Alberta Gas Co-ops Ltd.

1243-20: Gawalko

That the agenda received by Smoky Lake County from Allison Zinnick, Member Services Coordinator, Federation of Alberta Gas Co-ops Ltd., for the Fedgas 2020 Annual General Meeting scheduled for October 22, 2020 at the Thorhild Community Hall, Thorhild, Alberta, be filed for information.

Carried.

Addition to the Agenda

Federation of Alberta Gas Co-ops Ltd.

1244-20: Cherniwchan

That Smoky Lake County advertise the Federation of Alberta Gas Co-ops Ltd.'s Achievement Award scholarship in the amount of \$1,000.00 available to eligible rural students entering post-secondary education who are children of landowners serviced by co-operative members of the Federation of Alberta Gas Co-ops, with an application deadline of October 31, 2020, on the County's social media.

Carried.

8. Executive Session:

No Executive Session.

Next Meeting

1245-20: Orichowski

That the next Smoky Lake County **Natural Gas Meeting** be scheduled for **Tuesday, December 8, 2020 at 9:00 a.m.** to be held Virtually and/or in the County Council Chambers

Carried.

ADJOURNMENT:

1246-20: Halisky

That the Smoky Lake County Natural Gas Meeting of October 14, 2020, be adjourned, time, 1:41 p.m.

Carried.

CHAIRPERSON

S E A L

CHIEF ADMINISTRATIVE OFFICER

ACTION LIST:

October 14, 2020 Natural Gas Meeting



MOTION NO.	RESOLUTION	DEPARTMENT	ACTION	STRATEGIC PLAN GOAL
1235-20	That Smoky Lake County Council defer Policy Statement No. 09-18-02: Natural Gas Grain Dryer, to the next scheduled County Natural Gas Meeting.	Natural Gas Manager	The amended Policy Statement No. 09-18-02: Natural Gas Grain Dryer, with: <ul style="list-style-type: none"> • No gas rebate, • A \$7,000 minimum cost, and • After \$15,000 a 25% discount Will be brought forward at the December 8, 2020 Council Meeting.	
1240-20	That Smoky Lake County's Natural Gas Manager attend the Federation of Alberta Gas Co-ops Ltd.'s Year-2020 Fall Joint Zones 3 & 4 Meeting scheduled for October 22, 2020 to be held at the Thorhild Community Hall, 11-7 Avenue, Thorhild, Alberta, as Council is unable to attend due to the said meeting date conflicting with the County Council Meeting.	Natural Gas Manager	The Natural Gas Manager will send out proxy if any resolutions are coming forward.	
1242-20	That Smoky Lake County acknowledge receipt of the correspondence from Paul Dunsmore, President & CEO, Gas Alberta Inc. dated September 22, 2020, in regard to the Gas Alberta Inc., refunding \$2.0 million to its shareholders as a result of gains generated by the Company's gas management activities during the fiscal year ending June 30, 2020; and acknowledge Smoky Lake County's portion of this refund based on the gas purchase volume for the period July 1, 2019 to June 30, 2020 is as follows: Total gas purchases by all shareholders: 33,155,959 GJs Total gas purchases by Smoky Lake County: 516,223 GJs Pro-rated Refund Amount: \$ 31,139.08 GST: \$ 1,556.95 Total Refund Amount: \$ 32,696.03	Finance Manager	The \$32,696.03 was credited via EFT on September 30, 2020 as per the Spet.22'20 letter in Motion #1242-20. Municipal File: 9-23	

ACTION LIST:

October 14, 2020 Natural Gas Meeting



MOTION NO.	RESOLUTION	DEPARTMENT	ACTION	STRATEGIC PLAN GOAL
1244-20	That Smoky Lake County advertise the Federation of Alberta Gas Co-ops Ltd.'s Achievement Award scholarship in the amount of \$1,000.00 available to eligible rural students entering post-secondary education who are children of landowners serviced by co-operative members of the Federation of Alberta Gas Co-ops, with an application deadline of October 31, 2020, on the County's social media.	Communications	<p>Award advertised on social media and posted on the County website on October 19, 2020:</p> <div data-bbox="1283 448 1818 521" style="background-color: #003366; color: white; padding: 5px; text-align: center;"> <h3>Achievement Award</h3> </div> <p>Federation Achievement Award was created to recognize deserving rural students entering post-secondary education.</p> <p>Four \$1,000 awards will be presented at the Federation Annual General Meeting.</p> <p>Eligibility and Applications can be found at: https://www.fedgas.com/award</p> <p><i>Application deadline has been extended to <u>October 31, 2020.</u></i></p> <div data-bbox="1310 951 1787 1154" style="text-align: center;">  <p>FEDERATION OF ALBERTA GAS CO-OPS LTD.</p> </div> <p>Municipal File: 9-14</p>	



REQUEST FOR DECISION		DATE	December 8, 2020	4.1
TOPIC	Natural Gas Grain Dryer(s) Policy No. 09-18-02			
PROPOSAL	Propose to amend Policy No. 09-18-02: Natural Gas Grain Dryer(s) as per Council Motion No. 1235-20			
CORRELATION TO BUSINESS (STRATEGIC) PLAN				
<p>-Natural gas grain dryers have been increasingly popular over the past 3 years, which we have received many requests to have a natural gas line installed to service a grain dryer. The grain dryers of today are also much larger and have higher capacities than the grain dryers that were manufactured when this policy was created. Policy No. 09-18-02: Natural Gas Grain Dryer(s) has an outdated cost structure implemented as part of the billing for the construction and installation of the pipeline and associated equipment for a grain dryer. After installing 2 grain dryer gas lines this year, and billing out as according to the policy, the grain dryer customers paid less for a service that causes an extreme amount of stress on our RMO's, regulator stations, and pipelines as compared to an average household service installation. This year, we installed 2 service lines for grain dryers that should have been invoiced \$9664.51 and \$11,764.37, but as per the Policy, were invoiced \$5056.94 and \$5608.14. Whereas, the average household customer New Infill rate, as per Policy No. 09-03-10: Primary Installations, is \$7000.00. Plus there is a payment made to the customer for the gas consumed the first year of operation.</p> <p>-As with all large system tie-ins, we send the information to an engineer to have them ensure our system has enough capacity to handle the grain dryer. Our system capacity is based off how well our system is able to handle every appliance, whether it be a hot water tank, furnace, or grain dryer, running all at the same time to simulate an extreme cold weather situation. The grain dryers limit our customer expansion in certain areas of the County. One grain dryer request was denied as the engineers stated that with adding the requested grain dryer, the TC Energy pipeline that feeds the RMO would be undersized.</p>				
LEGISLATIVE, BYLAW and/or POLICY IMPLICATIONS				
BENEFITS	-Increased revenue when installing grain dryer service pipeline.			
DISADVANTAGES	N/A			
ALTERNATIVES	-Please see possible options below.			
FINANCE/BUDGET IMPLICATIONS				
Operating Costs:	\$ _____	Capital Costs:	\$ _____	
Budget Available:	\$ _____	Source of Funds:		
Budgeted Costs:		Unbudgeted Costs:	\$ _____	
INTERGOVERNMENTAL INVOLVEMENT/IMPLICATIONS	N/A			
COMMUNICATION STRATEGY				
RECOMMENDATION				
Accept Policy No 09-18-03 Natural Gas Grain Dryer(s) as amended, as per October 14, 2020 Council Utility Meeting Motion No. 1235-20 in the Natural Gas Meeting Action List.				
CHIEF ADMINISTRATIVE OFFICER				

SMOKY LAKE COUNTY



Title: Natural Gas Grain Dryer(s)	Policy No.: 18-03
Section: 09	Code:
Page No.: 1 of 1	

Legislation Reference:	Alberta Provincial Statutes
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Purpose:	To implement conditions to any person or company that intends to install a Natural Gas Line for the purpose of a Natural Gas fired Grain Dryers.
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Policy Statement and Guidelines:
<p>All conditions for the installation of a Natural Gas Line would be identical as to the installation of Rural Gas installation.</p> <p>Cost imposed would be as follows:</p> <ul style="list-style-type: none"> ➤ Minimum cost of \$7,000.00 would be the responsibility of the applicant. ➤ From \$ 7,000.00 to \$15,000.00, 100% of these costs would be paid by the applicant. ➤ Anything over \$ 15,000.00, 75% of these costs would be paid by the applicant. <p><i>Example:</i> Estimated cost = \$ 20,000.00 $\\$ 20,000.00 - \\$ 15,000.00 = \\$ 5,000.00 \times 75\% = \\$ 3,750.00$ $\\$ 15,000.00 + \\$ 3,750.00 = \\$ 18,750.00 + \text{GST}$</p>

	Date	Resolution Number
Approved	February 13, 1997	# 6402 - Page # 5681
Amended	September 17, 2001	# 6645 - Page # 5734
Amended		



114
GOALS

NATURAL GAS PLAN

Goal	Progress Update
<p>AMR meter expiration replacement Note: Strategic Priorities Chart Feb 6, 2017: 100%</p>	<p>Daniel Moric: Achievements:</p> <ul style="list-style-type: none"> • AMR Meter installation is complete. <p>Challenges: <i>No value</i></p> <p>Next Steps: <i>No value</i> 2020/10/07</p>
<p>Odorant Activity: 100%</p>	<p>Daniel Moric: Achievements: <i>No value</i></p> <p>Challenges: <i>No value</i></p> <p>Next Steps: <i>No value</i> 2020/12/01</p>
<p>Deliver Odorant</p>	<p>Daniel Moric: Achievements:</p> <ul style="list-style-type: none"> • October 1/20 to October 31/20 - 34.5 hours x 2 servicemen = 69 hours. Deliveries made to Chain Lakes Gas Co-op, GLDC Gas Co-op, Rocky Gas Co-op, County of Vermillion River Gas Utility, and Smoky Lake County Gas Utility. • November 1/20 to November 30/20 - 70.5 hours x 2 servicemen = 141 hours. Deliveries made to Village of Boyle Gas Utility, County of Thorhild Gas Utility, Town of Redwater Gas Utility, Lac La Biche District Gas Co-op, Town of Castor Gas Utility, Paintearth Gas Co-op, Sedgewick/Killam Gas Utility, Ankerton Gas Co-op, Battle River Gas Co-op, Diamond Valley Gas Co-op, Onion Lake Gas Utility, and Phoenix Gas Co-op. <p>Challenges: <i>No value</i></p> <p>Next Steps: <i>No value</i> 2020/12/01</p>

CNG Trailer: 100%

Daniel Moric:

Achievements: *No value*

Challenges: *No value*

Next Steps: *No value*

2020/10/07

→ Compressed natural gas trailer

Daniel Moric:

Achievements:

- CNG trailer was delivered to Milk River AB for an ATCO Gas outage for Chinook Gas Co-op. After delivery of the trailer to site, the outage kept getting delayed due to inclement weather, but was used for 4 days and returned back to us by Bow River Gas Co-op during our bulk odorant delivery.
- CNG trailer was delivered and operated by our staff for a regulator station repair for County of Thorhild Gas Utility. Trailer was supplying gas for approx 4 hours while repairs were made.
- Trailer was used by Phoenix Gas Co-op for supplying gas for a pipeline leak repair.
- One CNG requires repairs for 2 tank reliefs. Waiting for RCO Energy in Drayton Valley to repair.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

Administrative Activity (GAS): 100%

Daniel Moric:

Achievements:

- Attend weekly manager meetings.
- Receive customer phone calls.
- Respond to emails.
- Assist in producing monthly gas bills.
- November 2020 gas price was \$5.30/GJ. December 2020 gas price has decreased to \$4.80/GJ.
- Apply for new gas services and complete all of the required paperwork.
- Continue to get easements and contracts signed as necessary.
- Working on invoicing construction, odorant and CNG jobs.
- Continually signing customers up for receiving their gas bills by email. Currently have 285 accounts registered.
- Posted in the gas bills for customers to give us updated account information with very good response. Also included this request in the Grapevine. Will continue to advertise for updated information.
- Practicing social distancing as much as possible during these uncertain times. Staff have been given additional PPE to help prevent contracting and transferring COVID-19

Challenges: *No value*

Next Steps: *No value*

2020/10/07

Daniel Moric:

Achievements:

- 1 gas smell service call outside house. Found 3 very small leaks on the secondary piping and a strong smell of sewer. (Vilna)
- 2 gas smell service calls inside houses. Appliance issues. (1 Vilna, 1 Smoky Lake)

Challenges: *No value*

Next Steps: *No value*

2020/12/01

- Documentation of jobs
- Daily Vehicle Inspections
- Pre job meetings
- Undertake On-Call
- Management meeting
- Complete Invoicing
- Clean truck
- Utility Personnel Meeting
- Tool Box meeting
- Gas balancing

Daniel Moric:

Achievements:

- Compare gas sales to gas purchased and watch for deficiencies.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

- Main Office Safety Meeting
- Meter readings
- Managers reports
- Delinquent accounts
- Paperless billing

Daniel Moric:

Achievements:

- Continually signing customers up for receiving their gas bills by email. Currently have 285 accounts registered.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

→ Attend Conventions

Daniel Moric:

Achievements:

- Attended the Federation Zone 3&4 Meeting on October 22.
- Attended the Gas Alberta AGM virtually on November 24.
- Attended the Federation FIRE AGM virtually on November 25.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

→ Auditor documentation

Daniel Moric:

Achievements:

- Supplied auditors with information as requested and answered any questions during the Interim Audit November 18-20.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

→ Strategic plan

→ Utility meetings

→ Departmental meetings

→ Job Interviews

→ Employee evaluations

→ Other duties

→ O & M Policy

→ Automatic Meter Readings

Daniel Moric:

Achievements:

- Read AMR gas meters monthly

Challenges: *No value*

Next Steps: *No value*

2020/12/01

Training Activity (GAS): 100%

Daniel Moric:

Achievements:

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

Challenges: *No value*

Next Steps: *No value*

2020/12/01

Daniel Moric:

Achievements:

- 4 New infills (1 Whitefish Lake, 1 Goodfish Lake, 1 Mons Lake, 1 Waskatenau)
- 8 Secondary gas lines (1 Warspite, 4 Smoky Lake, 2 Waskatenau, 1 Vilna)
- 2 Main line alterations (1 Smoky Lake, 1 Waskatenau)
- 1 Underground leak repair (Smoky Lake) caused by improper repair dating back to late 80's. Just started leaking in early November.

Challenges: *No value*

Next Steps: *No value*

2020/10/07

Daniel Moric:

Achievements:

- 55 Line locates were completed the month of October.
- 42 Line locates were completed the month of November.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

Daniel Moric:

Achievements:

- RMO checks are completed weekly to ensure operation of pressure reducing equipment and line heaters, check odorant and methanol tank levels, EVC meter battery voltage check, and inspect for any damage.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

Daniel Moric:

Achievements:

- Complete explosives magazine inventory monthly.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

Daniel Moric:

Achievements:

- Monthly odorant intensity checks (20 locations)

Challenges: *No value*

Next Steps: *No value*

2020/12/01

→Line locates

→RMO Checks

→Magazine check

→Odor sample

→Vehicle maintenance

→Equipment maintenance

→ Leak detection

Daniel Moric:

Achievements:

- Leak detection has occurred on an as-needed basis, mostly as we receive reports of gas smells within the County.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

→ PFM check

→ Public building inspections

→ Cathodic protection

Daniel Moric:

Achievements:

- Cathodic protection is the protection of the underground metallic pipelines from oxidization and rusting using sacrificial anodes of varying metals. Yearly, we check the condition of these anodes and replace the anodes as they deplete beyond their effectiveness. This helps greatly extend the lifetime of our high pressure pipelines and the risers that extend out of the ground. This is completed during the summer, as the readings are less accurate during the winter due to frozen soil conditions. We also monitor the pipes for the fuel pumps at the County shop as required by the regulatory bodies.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

→ Tetler bag samples

→ Hydro Axing

→ End Pressure Test

Daniel Moric:

Achievements:

- Monitor end of line gas pressures and compare to monthly gas balancing to check for underground leaks.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

→ GPS Services and Alterations

Daniel Moric:

Achievements:

- GPSing of new lines installed during the 2020 construction year is now complete.
- Will be submitting the data to our mapping company and to Rural Utilities for their records.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

→Take Invento

Daniel Moric:

Achievements:

- Inventory of supplies and materials will be completed in December before the end of the year.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

→Install gas lines

→Wash and bleach all equipment.

Daniel Moric:

Achievements:

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

Challenges: *No value*

Next Steps: *No value*

2020/12/01

→Sign installation 0 Sign(s)

Daniel Moric:

Achievements:

- Since last Council update, 8 more road crossing signs have been repaired/replaced for a total completed of 111.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

→Cut and Caps

→Maintain Facilities.

→RMO Replacement

meter recalls and maintenance: 100%

Daniel Moric:

Achievements:

- Installed 2 meters on new services.

Challenges: *No value*

Next Steps: *No value*

2020/10/07

→AMR meters

Daniel Moric:

Achievements: Complete meter changes

Challenges: Locations

Next Steps: *No value*

2020/08/12

→Replace defective gas meters

→Meter Recalls

Council Member Inquiry (GAS): 100%

Daniel Moric:

Achievements:

- Replace as required. None have failed since last Council update.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

Daniel Moric:

Achievements:

- In regards to the temporary summer employee, by having this person employed and utilized, we are able to have 3 of the full time staff working on line locates and maintenance, while one full time staff and the summer employee work on the gas line constructions that comes in during the summer and fall. Since this employee has been returning yearly, they have been field trained in operating the misc construction equipment and tools such as the trenchers and the line locator. This has proved extremely helpful when we are short staffed due to vacations or sick days. There has been instances where the summer employee has been sent out to mark out gas lines when we are getting behind with line locates as they come in. We are legally required to respond to line locates placed within 2 days, and during the summer, there were days we had 10-15 locates come in per day. The summer employee has also been trained to be the assistant on the odorant truck and will go on odorant deliveries when required. When the summer employee is assisting with construction, whether it be new infills, alterations, or secondary gas lines, they're time is billed out to the customer requesting the work done at our hourly operators rate of \$70.00/hr. This proves more cost efficient and more profitable than having one of the full time staff at a higher pay wage be on construction. In 2020, we billed out over 250 hours to customers for construction for the summer employee.

Challenges: *No value*

Next Steps: *No value*

2020/12/01

2020 Natural Gas (Revenue): \$2.69m

2020 Natural Gas (Expense): \$2.7m

2021 Natural Gas (Revenue): \$3.03m

2021 Natural Gas (Expense): \$3.04m

2022 Natural Gas (Revenue): \$3.08m

2022 Natural Gas (Expense): \$3.1m

2023 Natural Gas (Revenue): \$3.14m

2023 Natural Gas (Expense): \$3.16m

2020 INFRASTRUCTURE LINE

REPLACEMENT: 100%

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

2020 RMO STATION REPLACEMENT

PLAN RESERVE: 100%

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

2020 MODEMS FOR RMO: 100%

↳Budget - 2020 MODEMS FOR
RMO: \$22k

2020 REPLACE TRUCK: 100%

→Budget - 2021 REPLACE TRUCK: \$50k

2021 INFRASTRUCTURE LINE REPLACEMENT: 100%

↳Budget - 2021 INFRASTRUCTURE LINE REPLACEMENT: \$50k

2021 RMO STATION REPLACEMENT PLAN RESE: 100%

↳Budget - 2021 RMO STATION REPLACEMENT PLAN RESE: \$70k

2021 REPLACE TRUCK - removed: 100%

↳Budget - 2021 REPLACE TRUCK - removed: \$61.2k

2021 REFURBISH TRUCK BOX: 100%

↳Budget - 2021 REFURBISH TRUCK BOX: \$7k

2022 INFRASTRUCTURE LINE REPLACEMENT: 100%

↳Budget - 2022 INFRASTRUCTURE LINE REPLACEMENT: \$50k

2022 RMO STATION REPLACEMENT PLAN: 100%

↳Budget - 2022 RMO STATION REPLACEMENT PLAN: \$140k

2022 MAPPING UNIT: 100%

↳Budget - 2022 MAPPING UNIT: \$10k

2022 REPLACE TRUCK - removed: 100%

↳Budget - 2022 REPLACE TRUCK - removed: \$61.8k

2022 REFURBISH TRUCK BOX: 100%

↳Budget - 2022 REFURBISH TRUCK BOX: \$7k

2023 INFRASTRUCTURE LINE REPLACEMENT: 100%

↳Budget - 2023 INFRASTRUCTURE LINE REPLACEMENT: \$50k

2023 RMO STATION REPLACEMENT PLAN RESE: 100%

↳Budget - 2023 RMO STATION REPLACEMENT PLAN RESE: \$70k

2023 REPLACE TRUCK - removed: 100%

↳Budget - 2023 REPLACE TRUCK - removed: \$62.4k

2023 REFURBISH TRUCK BOX: 100%

- ↳ Budget - 2023 REFURBISH TRUCK BOX: \$7k

(GAS) Human Resources / Training / JH&S

- ↳ (GAS) Attend Joint Health & Safety Meetings: 12 Meeting(s)
- ↳ (GAS) Attend Annual Safety Meeting
- ↳ (GAS) Training Event Form 2020

(GAS) Financial Accountability

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

(GAS) Corporate Risk

(GAS) Organizational Efficiency

- ↳ (GAS) Complete Annual Work Plan

Daniel Moric:

Achievements: Completed

Challenges: *No value*

Next Steps: *No value*

2020/06/09

2020 CARRY OVER RMO STATION

PROJECT: 100%

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



October 27, 2020

Attention: Manager/CAO

Re: GAS COST RATE EFFECTIVE NOVEMBER 2020

Gas Alberta's gas cost rate will increase by \$1.00/GJ to **\$3.20/GJ** for the month of November 2020. Our variable rate will remain at \$0.20/GJ for the period July 1, 2020 through June 30, 2021.

The rates set by the regulated retailers for the month of November 2020 are shown below. As previously discussed, the rates set by Direct Energy and AltaGas are impacted by their prior period over and under recoveries.

	Direct Energy	AltaGas Utilities	Weighted Avg. (Est)	Gas Alberta
GCFR	\$3.277/GJ	\$3.005/GJ	\$3.250/GJ	\$3.20/GJ
Over (Under) riders included in Gas Costs	\$(0.24)/GJ	\$0.02/GJ		

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

Yours truly,

Carlee Martin
Vice President, Gas Supply

Natural Gas Rates November 2020

	Gas Ab. Rate	Variable	O & M charge	Total	
Domestic rate	\$ 3.20	\$ 0.20	\$ 1.90	\$ 5.30	

Sungro

0-35000 gjs	\$ 3.20	\$ 0.20	\$ 0.80	\$ 4.20	X
35-85000 gjs	\$ 3.20	\$ 0.20	\$ 0.60	\$ 4.00	
over 85	\$ 3.20	\$ 0.20	\$ 0.40	\$ 3.80	

Smoky Lake Forest Nursery

0-35000 gjs	\$ 3.20	\$ 0.20	\$ 0.80	\$ 4.20	
35-85000 gjs	\$ 3.20	\$ 0.20	\$ 0.60	\$ 4.00	X
over 85	\$ 3.20	\$ 0.20	\$ 0.40	\$ 3.80	

Tremel	\$ 3.20	\$ 0.20	\$ 0.78	\$ 4.18	
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Domestic riser service charge \$ 25.00 / riser

Fixed charge	\$ 1.90
Systems capital	\$ 0.40

Commercial riser service charge \$ 60.00 / riser

Town of Smoky Lake	\$ 3.20	\$ 0.20	\$ 0.12	\$ 3.52	
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November 25, 2020

Attention: Manager/CAO

Re: GAS COST RATE EFFECTIVE DECEMBER 2020

Gas Alberta's gas cost rate will decrease by \$0.50/GJ to **\$2.70/GJ** for the month of December 2020. Our variable rate will remain at \$0.20/GJ for the period July 1, 2020 through June 30, 2021.

The rates set by the regulated retailers for the month of December 2020 are shown below. As previously discussed, the rates set by Direct Energy and Apex Utilities (formerly AltaGas Utilities) are impacted by their prior period over and under recoveries.

	Direct Energy	Apex Utilities	Weighted Avg. (Est)	Gas Alberta
GCFR	\$2.705/GJ	\$2.826/GJ	\$2.717/GJ	\$2.70/GJ
Over (Under) riders included in Gas Costs	\$0.07/GJ	\$(0.14)/GJ		

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

Yours truly,

Carlee Martin
Vice President, Gas Supply

Natural Gas Rates December 2020

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

Sungro

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

Smoky Lake Forest Nursery

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

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

Fixed charge	\$ 1.90
Systems capital	\$ 0.40

Commercial riser service charge \$ 60.00 / riser

Town of Smoky Lake	\$ 2.70	\$ 0.20	\$ 0.12	\$ 3.02	
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Gas Rates September Gas, October Billing 2020

Utility	Zone	Wholesale Purchase Price	Location of GAI Variable Rate	Wholesale Gas Purchased From	Delivery/Variable Rate (per GJ)	GAI Variable Rate	Gas Loss by Wholesale Price %	Gas Loss Charge (%)	Gas Loss Charge (GJ)	System Improvement Fee	Other Charges on the Gas Rate	TOTAL	Monthly Service Charge	Gas Loss Monthly Charge	System Improvement Monthly Charge	Other Monthly Charge	TOTAL MONTHLY	Infill Urban	Infill Rural
Town of Valleyview Gas Utility	1	2.50	Gas Rate	GAI	1.70	0.20	2.00					4.45	18.45	0.00	0.00	0.00	18.45	0.00	0.00
Town of Manning Gas Utility	1	2.50	Gas Rate	GAI	2.50	0.20						5.20	22.00				22.00	0.00	0.00
North Peace Gas Co-op Ltd.	1	2.50	Gas Rate	GAI	1.34	0.20	2.00					4.09	30.00				30.00	3000.00	7500.00
Central Peace Natural Gas Co-op Ltd.	1	2.50	Gas Rate	GAI	1.60	0.20						4.30	25.00				25.00	0.00	9000.00
Prairie River Gas Co-op Ltd.	1	2.50	Gas Rate	GAI	1.70	0.20				0.27		4.67	20.00				20.00	4000.00	7000.00
East Smoky Gas Co-op Ltd.	1	2.50	Utility's Variable Rate	GAI	1.75		2.00					4.30	25.00		0.10		25.10	2500.00	7000.00
East Peace Gas Co-op Ltd.	1	2.50	Utility's Variable Rate	GAI	1.65				0.00	0.00	0.00	4.15	20.00	0.00	0.00	0.00	20.00	4000.00	9000.00
Swan River Gas Co-op Ltd.	1	2.50	Gas Rate	GAI	2.10	0.20						4.80	26.75		5.50		32.25	4000.00	7000.00
Town of High Prairie Gas Utility	1	2.50		GAI	1.80							4.10	20.00				20.00	0.00	0.00
Dene Tha	1	2.50	Utility's Variable Rate	GAI	3.50							6.00	10.00				10.00	0.00	0.00
Paddle Prairie	1	2.50	Utility's Variable Rate	GAI	0.20							2.70	20.00				20.00	0.00	0.00
Birch Hills Gas Co-op Ltd.	1	2.50	Gas Rate	GAI	1.70	0.20						4.40	29.50				29.50	0.00	0.00
Ste. Anne Natural Gas Co-op Ltd.	2	2.50	Gas Rate	GAI	1.50	0.20	4.00			1.00		5.30	33.00		5.00		38.00	4000.00	7000.00
Evergreen Gas Co-op Ltd.	2	2.50	Gas Rate	GAI	1.43	0.20						4.13	25.00				25.00	6400.00	7000.00
Pembina River Natural Gas Co-op Ltd.	2	2.50	Gas Rate	GAI	1.50	0.20	0.00	0.00	0.00	0.00	0.00	4.20	32.00	0.00	0.00	0.00	32.00	3500.00	7000.00
Buck Mountain Gas Co-op Ltd.	2	2.50	Gas Rate	GAI	1.30	0.20	2.00					4.05	22.00				22.00	3300.00	7500.00
Yellowhead Gas Co-op Ltd.	2	2.50	Gas Rate	GAI	1.37	0.20	2.00					4.12	24.00				24.00	4750.00	7500.00
TRL Gas Co-op Ltd.	2	2.50	Gas Rate	GAI	2.00	0.20						4.70	31.00				31.00	0.00	0.00
West Parkland Gas Co-op Ltd.	2	2.50	Gas Rate	GAI	1.62	0.20	3.00					4.40	26.50		2.75		29.25	0.00	0.00
Town of Smoky Lake Gas Utility	3	2.82		County	4.60					0.40		7.82	25.00				25.00	2500.00	2500.00
Lac La Biche County	3	2.50	Utility's Variable Rate	GAI	1.85							4.35	25.00				25.00	0.00	0.00
County of Vermilion River Gas Utility	3	2.50	Gas Rate	GAI	1.27	0.20						3.97	30.00				30.00	2500.00	7000.00
Village of Boyle Gas Utility	3	2.50	Utility's Variable Rate	GAI	2.22							4.72	15.00		5.00		20.00	0.00	0.00
Minco Gas Co-op Ltd.	3	2.50	Utility's Variable Rate	GAI	1.72							4.22	15.00				15.00	4750.00	9500.00
Smoky Lake County	3	2.50	Gas Rate	GAI	1.50	0.20				0.40		4.60	25.00				25.00	3500.00	7000.00
Thorhild County	3	2.50	Utility's Variable Rate	GAI	2.01				0.00	0.00	0.00	4.51	27.00	0.00	0.00	4.00	31.00	0.00	0.00
County of Two Hills Gas Utility	3	2.50	Gas Rate	GAI	1.50	0.20						4.20	18.00		5.00		23.00	0.00	0.00
Town of Redwater Gas Utility	3	2.50	Utility's Variable Rate	GAI	0.20						2.10	4.80	18.00				18.00	0.00	0.00
Lac La Biche District Natural Gas Co-op	4	2.50	Gas Rate	GAI	1.75	0.20						4.45	35.00				35.00	3250.00	7000.00
Coronado Gas Co-op Ltd.	4	2.50	Gas Rate	GAI	2.10	0.20	0.00	0.00	0.00	0.00	0.00	4.80	28.00	0.00	0.00	0.00	28.00	0.00	7000.00
Lamco Gas Co-op Ltd.	4	2.50	Gas Rate	GAI	1.65	0.20	3.00	0.00	0.00	0.50	0.00	4.92	30.00	0.00	5.00	0.00	35.00	6000.00	10000.00
North East Gas Co-op Ltd.	4	2.50	Gas Rate	GAI	1.00	0.20						3.70	10.00				10.00	6250.00	6250.00
Kehewin	4	2.50	Utility's Variable Rate	GAI	2.25							4.75	20.00				20.00	0.00	0.00
Ankerton Gas Co-op Ltd.	5	2.50	Gas Rate	GAI	1.45	0.20						4.15	28.00				28.00	1500.00	7000.00
Sedgewick Killam Natural Gas System	5	2.50	Gas Rate	GAI	1.25	0.20	0.00	0.00	0.00	0.00	0.00	3.95	25.00				25.00	1500.00	0.00
Paintearth Gas Co-op Ltd.	5	2.50	Gas Rate	GAI	1.40	0.20		3.00		0.69		4.83	30.00				30.00	3000.00	10000.00
Battle River Gas Co-op Ltd.	5	2.50	Utility's Variable Rate	GAI	1.63						1.68	4.23	25.00		5.00		30.00	2750.00	7000.00
Town of Dayisland Gas Utility	5	2.50	Gas Rate	GAI	1.40	0.20						4.10	25.00				25.00	1500.00	0.00

Phoenix Gas Co-op Ltd.	5	2.50	Gas Rate	GAI	1.70	0.20					4.40	30.00					30.00	3500.00	6000.00
Dry Country Gas Co-op Ltd.	5	2.50	Gas Rate	GAI	1.50	0.20					4.20	27.00					27.00	3000.00	7500.00
Iron Creek Gas Co-op Ltd.	5	2.50	Gas Rate	GAI	1.40	0.20					4.10	25.00		7.50			32.50	0.00	10000.00
Natural Gas Co-op 52 Ltd.	5	2.50	Gas Rate	GAI	1.70	0.20					4.40	30.00		5.00			35.00	2500.00	10000.00
Village of Chauvin Gas Utility	5	2.70		Phoenix Gas	1.00						3.70	26.00					26.00	3.70	0.00
Village of Halkirk Gas Utility	5	2.32		Paintearth Gas	1.20					0.40	3.92	25.00					25.00	0.00	0.00
G.L.D.C. Gas Co-op Ltd.	6	2.50	Utility's Variable Rate	GAI	0.22			2.00		0.25	1.30	4.27	30.00		5.00		35.00	4200.00	7350.00
Rocky Gas Co-op Ltd.	6	2.50	Utility's Variable Rate	GAI	1.62		2.00			0.18	0.18	4.53	29.00				29.00	5000.00	6300.00
Chain Lakes Gas Co-op Ltd.	6	2.50	Utility's Variable Rate	GAI	2.10					0.30		4.70	28.00				28.00	4250.00	7000.00
Diamond Valley Gas Co-op Ltd.	6	2.50	Gas Rate	GAI	2.50	0.20	5.00				5.33	33.00		5.00			38.00	4000.00	7000.00
Crossroads Gas Co-op Ltd.	6	2.50	Gas Rate	GAI	2.55	0.20		0.20		0.15		5.60	26.50				26.50	4250.00	7500.00
Foothills Gas Co-op Ltd.	6	2.50	Gas Rate	GAI	1.15	0.20					3.85	17.50					17.50	4500.00	6750.00
Town of Sundre Gas Utility	6	2.50	Gas Rate	GAI	1.45	0.20	0.00	0.00	0.00	0.21	0.00	4.36	26.00	0.00	0.00	0.00	26.00	500.00	0.00
Burnt Lake Gas Co-op Ltd.	6	2.50	Gas Rate	GAI	1.55	0.20	5.00				1.00	5.38	30.50				30.50	0.00	0.00
Rosebud Gas Co-op Ltd.	7	2.50	Gas Rate	GAI	1.30	0.20	2.00					4.05	27.00		4.00		31.00	3500.00	8000.00
Cochrane Lake Gas Co-op Ltd.	7	2.50	Gas Rate	GAI	1.78	0.20	2.00	0.00		0.00	0.00	4.53	29.00	0.00	0.00	0.00	29.00	4700.00	7500.00
Rockyview Gas Co-op Ltd.	7	2.50	Gas Rate	GAI	1.85	0.20	1.50					4.59	26.00		3.05		29.05	3125.00	7285.00
Harvest Hills Gas Co-op Ltd.	7	2.50	Gas Rate	GAI	1.60	0.20						4.30	23.00				23.00	2500.00	7000.00
Meota Gas Co-op Ltd.	7	2.50	Gas Rate	GAI	1.40	0.20		0.04				4.14	32.00				32.00	6000.00	8000.00
Dinosaur Gas Co-op Ltd.	7	2.50	Gas Rate	GAI	1.20	0.20						3.90	30.00				30.00	4500.00	7000.00
Cochrane Lake Gas Co-op Ltd.	7	2.50	Gas Rate	GAI	1.78	0.20	2.00					4.53	29.00				29.00	0.00	0.00
Big Country Gas Co-op Ltd.	7	2.50	Gas Rate	GAI	1.50	0.20						4.20	25.00		5.00		30.00	0.00	0.00
Tirol Gas Co-op Ltd.	7	2.50	Gas Rate	GAI	2.00	0.20						4.70	25.00				25.00	0.00	0.00
Pioneer Gas Co-op Ltd.	7	2.50	Gas Rate	GAI	1.40	0.20	0.00	0.00	0.00	0.50	0.00	4.60	25.00	0.00	0.00	0.00	25.00	0.00	0.00
Bow River Gas Co-op Ltd.	8	2.50	Gas Rate	GAI	1.60	0.20				0.30		4.60	45.00				45.00	4000.00	8000.00
Chinook Gas Co-op Ltd.	8	2.50	Gas Rate	GAI	1.65	0.20	2.00	2.00				4.43	26.00				26.00	0.00	7000.00
Chief Mountain Gas Co-op Ltd.	8	2.50	Gas Rate	GAI	1.35	0.20	0.00	0.00	0.00	0.50	0.00	4.55	12.00	0.00	0.00	0.00	12.00	3000.00	7500.00
Little Bow Gas Co-op Ltd.	8	2.50	Gas Rate	GAI	1.20	0.20		2.00				3.92	15.00				15.00	7000.00	7000.00
Forty Mile Gas Co-op Ltd.	8	2.50	Gas Rate	GAI	1.45	0.20						4.15	38.00				38.00	3500.00	7500.00
Triple W Gas Co-op Ltd.	8	2.50	Gas Rate	GAI	1.47	0.20						4.17	28.50		5.00		33.50	3000.00	7500.00
Sunshine Gas Co-op Ltd.	8	2.50	Gas Rate	GAI	1.10	0.20	2.00	0.00	0.00	0.00	0.00	3.85	25.00	0.00	0.00	0.00	25.00	0.00	0.00

Average Utility Variable Rate = \$ 1.63

Average Total Per GJ Rate = \$ 4.45

Average Total Monthly Charge = \$ 26.60

INTERIM REPORT FISCAL YEAR 2021 – QUARTER 1

For the three months ended September 30, 2020



Photo by Denis Dubrule

TO OUR SHAREHOLDERS

Every year the natural gas market presents new challenges, but this year, the COVID-19 pandemic has led to a truly unique North American natural gas story. At the beginning of the year, U.S. dry gas production was already declining. This period was followed by significant demand destruction as North America experienced an economic lockdown due to the pandemic. U.S. LNG exports collapsed as global LNG prices dropped making North American supplies uncompetitive. As the dust settles from the shift in market fundamentals, both U.S. and Alberta storage inventories are now above the 5-year average. With demand beginning to recover, the current forward curve for wholesale natural gas prices in Alberta is roughly \$3.30/GJ for the upcoming winter. As always, our hedge book and gas supply teams will work to optimize our portfolio in an effort to outperform the regulated retailers through these higher-volume months.

From an Operations perspective we had another busy summer managing transmission pipeline outages and inspections. TC Energy has 4 years remaining on their 10-year Accelerated Assessment Program and we have so far completed 3 years of ATCO's integrity management program. We also experienced some forward momentum on the DDA program as two of our shareholders executed purchase agreements with TC Energy for laterals earmarked for abandonment in their franchise areas. Another two utilities opted not to purchase DDA laterals and will instead construct new pipelines to maintain supply to their affected Taps. Finally, the recent (but delayed) approval of TC Energy's 2021 NGTL Expansion Project will keep the majority of the NGTL system constrained until at least next winter. Depending on the severity and duration of cold weather this winter we may once again experience lower delivery pressures and temporary delivery restrictions during peak demand periods.

As you will see in this interim report, Gas Alberta's balance sheet is strong, and the Company is in excellent financial shape. We continue to operate as we did before the pandemic and for making that possible, we extend our thanks to all our shareholders for your input and contribution to the strength of our business. We appreciate each and every one of you. Overall, I also continue to be impressed by Gas Alberta's dynamic team and the amount of work that is required to ensure reliable gas supply for our customers and the efficient and effective delivery of our many value-added services.

Gas Alberta's annual meeting of shareholders (AGM) will be held virtually on Tuesday, November 24th at 5:00 p.m. At the AGM, Directors will be elected for the upcoming year and the Board and management will discuss the Company's results and initiatives. We look forward to this opportunity to discuss Gas Alberta's business with you all.

Paul Dunsmore
President and CEO
November 5, 2020



OPERATIONS AND FINANCIAL RESULTS

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

INCOME STATEMENT

Natural Gas Sales, Revenues and Rates

		Quarter Ended		Increase (Decrease)
		Sept 30/20	Sept 30/19	
Revenue from shareholders	\$Millions	\$8.6	\$5.1	\$3.5
Natural gas sales	PJs*	3.2	3.5	(0.3)
Billing rates to shareholder				
Average gas rate	\$/GJ	\$2.15	\$1.03	\$1.12
Variable rate	\$/GJ	0.20	0.22	(0.02)
Total billing rate	\$/GJ	\$2.35	1.25	\$1.10

*1 PJ = 1,000,000 GJs

Revenue from shareholder customers for the quarter ended September 30, 2020 was \$8.6 million, or \$3.5 million (68%) higher than the same quarter last year. Higher revenues reflect an 88% increase in average gas rates. This increase in revenue was offset by sales that were 0.3 PJs lower due to temperatures that were 23% warmer in the current versus prior period.

Unrealized loss on derivatives was \$1,811,188 for the quarter ended September 30, 2020 (unrealized loss of \$525,254 for the quarter ended September 30, 2019), reflecting the change in the MTM value of financial derivatives since the start of the fiscal year (FY). Refundable and recoverable natural gas costs are adjusted for these unrealized MTM gains and losses on financial derivatives.

Net marketing loss generated by the Company's subsidiary and marketing venture (note 1) was (\$44,619) for the current quarter as compared to income of \$62,230 for the same quarter last year. Marketing income includes the Company's profit share from Gas Alberta Energy, which provides natural gas and electricity services directly to consumers.

Operation costs for the three months ended September 30, 2020 were \$1,164,856, or \$159,357 (15%) higher than the same period last year primarily due to higher emergency supply costs, offset by lower meter station operation costs. Operations costs also include transportation delivery costs and meter management funding.

Corporate expenses for the quarter ended September 30, 2020 were \$619,143, or \$1,458 (0.2%) higher than the same period last year due to increased salaries and benefits and increased consulting services for information technology enhancements. These increases were offset by lower Director fees and office expenses.

BALANCE SHEET

Trade and other receivables of \$14.6 million at September 30, 2020 were comprised of gas billings to shareholder customers, receivables from counterparties for hedging activities and the Company's proportionate share of accounts receivable from its marketing venture. This balance was \$4.3 million higher than June 30, 2020 mainly due to colder seasonal temperatures in September versus June.

Recoverable variable costs of \$832,016 at September 30, 2020 were the cumulative difference between the customer revenues at the annual variable rate of \$0.20/GJ as compared to the Company's operation costs and corporate expenses. Recoverable variable costs increased by \$1.2 million over June 30, 2020 mainly due to the impact of higher sales this fall as compared to the relatively constant nature of variable costs (note 4).

Derivative Asset is the estimated MTM loss on outstanding financial hedging contracts at the balance sheet date. These contracts are entered into with the objective of managing risks related to gas price volatility and may include financial options, financial swaps, financial exchanges and financial basis (note 3). This account decreased \$1.8 million from June 30, 2020 to September 30, 2020 due to the realization of financial hedging transactions in the first three months of fiscal year 2021.

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

	Sept 30, 2020	June 30, 2020
	\$	\$
Recoverable realized balance, end of period	(771,317)	(66,270)
Unrealized financial derivative asset (MTM value)	3,775,448	5,586,636
Deferral of net loss on closed financial derivatives	(671,432)	(1,933,869)
Refundable natural gas costs, end of period	2,332,699	3,586,497

Pipeline Funding Program provides financial assistance for customers carrying out projects to secure alternate upstream supplies related to the transmission pipelines serving their franchise areas. Program activities are summarized below and include project funding payments to customers, a portion of grants received by customers related to their pipeline projects and external consulting fees.

	<u>Sept 30, 2020</u>	<u>June 30, 2020</u>
	\$	\$
Pipeline Funding Program, beginning of FY 2021	3,614,630	4,519,920
Projects funded during the FY	-	(929,821)
Grant recoveries related to projects funded	-	-
Consulting fees	(4,356)	(70,559)
Interest income allocated to Program	20,355	95,090
Pipeline Funding Program, end of period	<u>3,630,629</u>	<u>3,614,630</u>

CONSOLIDATED BALANCE SHEET

As at		<u>Sept 30/20</u>	<u>June 30/20</u>
		<u>Unaudited</u>	<u>Audited</u>
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		2,373,356	7,467,078
Commodity account		4,349,369	2,496,690
Trade and other receivables		14,660,069	10,395,565
Recoverable variable costs	2	832,016	-
Derivative asset	3	3,775,448	5,586,636
Natural gas held in storage		4,096,414	1,443,528
Prepaid expenses and other current assets		1,159,107	1,237,638
		<u>31,245,779</u>	<u>28,627,135</u>
Non-current Assets			
Capital assets		137,609	146,638
Other non-current assets		300,048	168,677
		<u>437,657</u>	<u>315,315</u>
Total Assets		<u>31,683,436</u>	<u>28,942,450</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank loan		5,287,143	-
Accounts payable and accrued liabilities		14,301,605	15,229,896
Customer prepayments		1,047,152	1,058,915
Refundable natural gas costs		2,332,699	3,586,497
Refundable variable costs	2	-	368,304
Pipeline Funding Program		3,630,629	3,614,630
		<u>26,599,228</u>	<u>23,858,242</u>
Subordinated debentures		<u>3,490,000</u>	<u>3,490,000</u>
Shareholders' equity			
Share capital		31,554	31,554
Retained earnings	2	1,562,654	1,562,654
		<u>1,594,208</u>	<u>1,594,208</u>
Total Liabilities and Shareholders' Equity		<u>31,683,436</u>	<u>28,942,450</u>

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

For the three months ended		Sept 30/20	Sept 30/19
Unaudited			
	Note	\$	\$
REVENUES			
Sales to shareholder customers	4	8,673,967	5,146,909
Unrealized loss on derivatives	3	(1,811,188)	(525,254)
Marketing revenue	1	8,396,618	4,436,676
Other revenue		2,301	4,321
		<u>15,261,698</u>	<u>9,062,652</u>
COSTS AND EXPENSES			
Cost of natural gas sold			
Gas sold to shareholder customers		5,733,321	3,577,747
Unrealized loss on derivatives		(705,046)	(525,254)
Marketing gas costs	1	8,262,892	4,201,727
		<u>13,291,167</u>	<u>7,254,220</u>
Operation costs			
Natural gas delivery costs		476,137	396,822
Meter station operations		688,718	608,677
		<u>1,164,855</u>	<u>1,005,499</u>
Corporate expenses			
Salaries and benefits		289,378	248,633
External services		151,130	99,950
Directors' fees and expenses		69,095	103,903
Office and general expenses		109,541	165,200
		<u>619,144</u>	<u>617,686</u>
Other expenses			
Marketing expenses	1	178,345	172,719
Depreciation and amortization		8,187	12,528
		<u>186,532</u>	<u>185,247</u>
Total costs and expenses		<u>15,261,698</u>	<u>9,062,652</u>
Net Income	2	-	-
Retained Earnings, beginning of year		1,562,654	1,562,654
Retained Earnings, end of period		<u>1,562,654</u>	<u>1,562,654</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended		Sept 30/20	Sept 30/19
Unaudited			
		\$	\$
CASH FROM OPERATIONS			
Net Income		-	-
Non-cash items:			
Depreciation of capital assets		8,187	12,528
Amortization of other assets		79,518	(10,464)
Unrealized loss on derivatives		1,811,188	525,254
		<u>1,898,893</u>	<u>527,318</u>
Changes in non-cash working capital:			
Trade and other receivables		(4,264,504)	(1,754,904)
Recoverable variable costs		(832,016)	-
Natural gas held in storage		(2,652,886)	(63,607)
Prepaid expenses and other current assets		31,456	(628,049)
Accounts payable and accrued liabilities		(928,292)	(6,704,757)
Customer prepayments		(11,763)	(72,118)
Refundable natural gas costs		(1,253,797)	(856,360)
Refundable variable costs		(363,263)	-
Pipeline Funding Program		15,999	23,810
		<u>(10,259,066)</u>	<u>(10,867,469)</u>
Cash from (used in) operations		<u>(8,360,173)</u>	<u>(10,340,151)</u>
INVESTING ACTIVITIES			
Acquisition of capital assets		(4,200)	(5,669)
Cash restricted for commodity account		(1,852,679)	1,719,597
Change in other non-current assets		(163,813)	(8,342)
Cash flows from (used in) investing activities		<u>(2,020,691)</u>	<u>1,705,586</u>
FINANCING ACTIVITIES			
Increase in bank loans		5,287,143	-
Issue of Class A shares		-	-
Redemption of Class A shares		-	-
Cash flows from financing activities		<u>5,287,143</u>	<u>-</u>
Decrease in cash and cash equivalents		(5,093,722)	(8,634,565)
Cash and cash equivalents, beginning of year		7,467,078	13,106,676
Cash and cash equivalents, end of year		<u>2,373,356</u>	<u>4,472,111</u>

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

CORPORATE INFORMATION**BOARD OF DIRECTORS**

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

CORPORATE OFFICERS

Paul Dunsmore, President and CEO
Kyle Patterson, VP, Gas Supply

BANKERS

ATB Financial
Calgary, Alberta

AUDITOR

PricewaterhouseCoopers LLP
Calgary, Alberta
Courtney Kolla, Partner

ANNUAL MEETING

November 24, 2020 at 5:00 p.m.

Meeting Link:

https://onecast.thinkpragmatic.com/ses/B7sDhaVhM1B_tlwKCHbdQA~~

LEGAL COUNSEL

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