

POLICY#:	NG 015	POLICY TITLE:	Natural Gas Infill Investment
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APPROVAL DATE AND MOTION:	August 20, 2019 (2019-08-14)	CROSS-REFERENCE:	
RESPONSIBILITY:	Director of Natural Gas Utility	APPENDICES:	
APPROVER:	Director of Natural Gas Utility	EFFECTIVE DATE:	
REVISION DATE(S)/ MOTION #		NEXT REVIEW DATE:	2027

1. DEFINITIONS (Provide definitions of the key terms used within the Policy)

- 1.a. Agricultural Service - A Primary Gas Service provided by the Natural Gas Utility to an Owner of a property to supply natural gas to buildings and equipment for the purpose of Agricultural operations.
- 1.b. Commercial Service - A Primary Gas Service provided by the Natural Gas Utility to an Owner of a property to supply natural gas to buildings and equipment for the purpose of Commercial operations, excluding oil and gas extraction/production
- 1.c. Customer - The Property Owner(s) who are being provided gas service by the County.
- 1.d. New Gas Service Rate Sheet - The rate sheet approved by Council that establishes the fees charged for gas services.
- 1.e. Oilfield Service - A Primary Gas Service provided by the County to a customer to supply natural gas to buildings and equipment for the purpose of oil and gas extraction/production.
- 1.f. Owner - The person(s) listed as Owner on the current Alberta Land Title for the subject property.
- 1.g. Primary Gas Service - Also known as a Gas Premise, refers to a primary natural gas service provided to an Owner by the Natural Gas Utility. It typically includes an underground gas service line, gas service riser, and a customer meter.

- 1.h. Residential Service – A Primary Gas Service Provided by the Natural Gas Utility to an owner of a property to supply natural gas

2. POLICY STATEMENT

- 2.a. The Natural Gas Utility provides residents of the County of Vermilion River and surrounding communities with affordable and reliable natural gas service including provision of gas services to residences, farms, and businesses at the lowest possible cost. New gas services increase the revenue base for the Natural Gas Utility.
- 2.b. The Natural Gas utility makes use of opportunities to improve and renew existing gas infrastructure in conjunction with the provision of new gas services.

3. OBJECTIVE

- 3.a. To authorize investment into capital cost of new gas services based on additional revenue or system, benefit derived from the new gas services.

4. BACKGROUND

- 4.a. This purpose of this policy to provide guidance on investing in capital projects for the Natural Gas Utility.

5. GUIDING PRINCIPLES

- 5.a. The costs of constructing new Primary Gas Services, excluding Oilfield Services, are funded by the Customer on a break-even basis in accordance with the New Gas Service Rate Sheet.
- 5.b. The Director of Natural Gas Utility may approve investment in the estimated capital cost of constructing a new Primary Gas Service that would bring in significant additional revenue. The criteria for such investments include:
 - 5.b.i. The service is residential, Agricultural, or Commercial.
 - 5.b.ii. Customer load of 5 mm BTU or higher.
 - 5.b.iii. Not being an intermittent load (e.g., Seasonal Grain Dryer, Backup Generator).

- 5.b.iv. The cost of construction exceeding the Minimum Contract Cost specified in the New Gas Service Rate Sheet.
- 5.c. Investments made pursuant to 5.b shall be based on estimated additional revenue from County gas charges to a maximum five year return on investment.
- 5.d. The Director of Natural Gas Utility may authorize investment in the estimated capital cost of constructing a new Primary Gas Service. The criteria for such investments are:
 - 5.d.i. Increasing capacity to address a current or projected system capacity shortfall; or
 - 5.d.ii. Creating a loop or backup source for a section of the system that relies on a single source and may be at risk of losing gas service.
- 5.e. Investments pursuant to Section 5.d shall be based on:
 - 5.e.i. Estimated cost savings or benefits to the County related to the infrastructure required for the new service; or
 - 5.e.ii. The difference in cost between the minimum infrastructure needed to serve the Customer's estimated load and the infrastructure necessary to enhance the existing Natural Gas Infrastructure.
- 5.f. Investments pursuant to this Policy shall be made by way of reducing the fee charged to the customer for construction of the new gas service
- 5.g. Investments pursuant to this Policy shall not reduce the cost to the customer below the minimum rate for the service as established in the New Gas Service Rate Sheet
- 5.h. Funding for investments pursuant to this policy shall be established under the "Project to be determined" line of the Gas Utility Capital Projects Budget.

6. ROLES & RESPONSIBILITIES

ROLE/TASK	TITLE(S) OF PERSON RESPONSIBLE
HANDLING INQUIRIES	Director of Natural Gas Utility
MONITORING REVIEWS AND REVISIONS	Director of Natural Gas Utility
IMPLEMENTING POLICY	Director of Natural Gas Utility
COMMUNICATING POLICY	Director of Natural Gas Utility
INTERNAL STAKEHOLDERS	
EXTERNAL STAKEHOLDERS	County of Vermilion River Natural Gas Utility Customers

7. EXCEPTIONS

7.a. No exceptions.

8. POLICY EVALUATION

- 8.a. Needs assessment if required
- 8.b. Process evaluation to measure whether the policy is meeting its intended objective; and
- 8.c. Outcome evaluation to determine whether the policy has met its objectives and whether additional opportunities for improvement in the policy can be identified.