



## POLICY # NG 015

# NATURAL GAS INFILL INVESTMENT

DEPARTMENT: Gas Utility

<b>APPROVAL DATE:</b>	August 20, 2019 Motion# 2019-08-14
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<b>REVIEW DATE (s):</b>	

## POLICY STATEMENT

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 new gas services to Residences, Farms and Businesses at the lowest possible cost. New gas services increase the revenue base for the Natural Gas Utility. And the Natural Gas Utility makes use of opportunities to improve and renew existing gas infrastructure in conjunction with provision of new gas services.

## PURPOSE

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



## DEFINITIONS

“**Agricultural Service**” shall mean a Primary Gas Service provided by the County to an Owner of a property to supply natural gas to buildings and equipment for the purpose of Agricultural operations;

“**Commercial Service**” shall mean a Primary Gas Service provided by the County 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;

“**Customer**” shall mean the Property Owner(s) who are being provided gas service by the County;

“**New Gas Service Rate Sheet**” the rate sheet approved by Council establishing the fees charged

“**Oilfield Service**” shall mean 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;

“**Owner**” shall mean the person(s) listed as Owner on the current Alberta Land Title for the subject property;

“**Primary Gas Service**” also referred to as a Gas Premise, shall mean a primary natural gas service provided to an Owner by the County, typically including an underground gas service line, gas service riser and a customer meter;

“**Residential Service**” shall mean a Primary Gas Service provided by the County to an Owner of a property to supply natural gas to buildings and equipment for the purpose of residence;



## POLICY

1. 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.
2. The Director of Natural Gas Utility may authorize investment into the estimated capital cost of constructing a new Primary Gas Service that generates substantial additional revenue based on the following criteria:
  - a. Residential, Agricultural or Commercial Service
  - b. Customer load of 5 mm BTU or higher
  - c. Not an intermittent load (eg. Seasonal Grain Dryer, Backup Generator); and
  - d. Cost to construct is greater than the Minimum Contract Cost established in the New Gas Service Rate Sheet.
3. Investments pursuant to Section 2. shall be based on estimated additional revenue from County gas charges to a maximum 5 year return on investment.
4. The Director of Natural Gas Utility may authorize investment into the estimated capital cost of constructing a new Primary Gas Service that, in the Director's opinion, improves existing Natural Gas Infrastructure based on the following criteria:
  - a. Increasing capacity in order to meet a current or projected system capacity shortfall; Or
  - b. Creating a loop or backup source for a section of the system that is served off a single source and may be vulnerable to potential loss of gas service.
5. Investments pursuant to Section 4. shall be based on:
  - a. Estimated cost savings or benefit to the County of the infrastructure required for the new service; Or



- b. Difference in cost between the minimum infrastructure required to service the Customer's estimated load and the infrastructure required to improve the existing Natural Gas Infrastructure.
6. 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.
7. 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.
8. Funding for Investments pursuant to this Policy shall be established under the "Projects to be Determined" line of the Gas Utility Capital Projects Budget.

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