

2023 AGM Report from Management (May 10, 2023)

Good evening, ladies and Gentlemen and Welcome to our AGM.

I would like to Thank the Board for their ongoing input and support.

I will start by introducing our staff

Darren Weening – He is our Assistant Manager. He is a certified Gas Utility Operator and Gas Fitter with over 26 years at GLDC. He oversees the operations aspect of the business and as part of our Business Continuity plan, Darren would fulfill the role of Manager in the event I am unavailable.

Karen Strain – Administrative Support Manager. Karen has 22 years with GLDC, she is responsible for our financial record keeping, payroll and Human Resource duties.

Mark Buwalda – has 10 years with GLDC, and 20 years in our industry. He is a Utility Operator and Gasfitter and serves as the lead operator helping ensure all our maintenance items are completed. Interesting note, he worked here during the summers of '94 and '95 as a

summer student. Here you can see him modeling Gerry Hoar's jacket and cap from the 80's.

Kayla Millar –has 10 years with us. Kayla starts the billing cycle by sending the meter read list to our meter reading contractor. A few days later, she receives and processes more than 3000 reads, importing them into our billing system.

Then she reviews all the monthly volumes to ensure there are no abnormal readings that require checking. If there are any questionable volumes, she will call each affected member personally to verify the reading.

Once ready, she produces the bills, either through our e-billing module or paper bills for mail out. After billing, she compares our Wholesale purchases vs, Retail sales to review with Darren on a monthly basis for gas balancing.

Jacquelyn Mackey, has 4 years with us. Jac, along with her general admin duties, works on accounts receivable and collections. She works with some members, and assists creating a plan to bring their accounts back up to date in a way that is manageable for them.

Lisa La Rose, has 1 year with us. Lisa is our front-line lady, in reception and as Executive Assistant, she helps out with every aspect of the business, I am grateful to her

for assisting both myself and the Board of Directors keeping organized and taking minutes.

Kim Cretney, has 1 year with us. She is the Administrator to our Safety Program and is cross training in the Gas Billing process from Kayla.

Ivan Bott joined us in 2010 after doing a summer of contract work changing meters. He came to us with 20 years prior experience and is a Utility Operator. With his vast knowledge of the Co-op structure, he does a great job as our Construction Supervisor and Project Manager.

Cory Cech, has 5 years with us. Cory is now a Utility Operator and 2nd year Gas Fitter. His focus is towards operations and member services.

Tyler Sargent, has 5 years with us. Tyler is a Utility Operator, Sheet Metal Worker and 2nd year Gas Fitter. He splits his time between operations and construction. He is generally with the directional drill.

Arnie Van Ankum has 4 years with us. Arnie came to us as a Heavy Duty Mechanic and experienced equipment operator. He was brought on after the 10-year replacement plan was implemented and we began doing our own construction. He is now a Journeyman Utility

Operator; he too splits his time between construction and operations.

Bryan Sved, has 4 seasons with us, Bryan is a Journeyman Welder, and worked with our former contractor for many years. We brought Bryan on to provide his vast experience with the plow, and work on the crew during the summer season. He is instrumental to making the plow work.

Will Weenink, has 2 years. Will is our “jack of all trades” and he works wherever needed and is an asset to our crew. Because of his experience in building, he did a lot of work in our addition, including designing and assembling most of the new cabinetry. He even built us this podium.

Peyton Bresee joined us last year and has completed his first year Gas Utility Operator Apprenticeship. He grew up on the farm and has some equipment operating experience, he also has been splitting his time between construction and operations.

Randy Maconochie, Journeyman Plumber/Gasfitter, just joined us on May 1st. He has experience in the plumbing industry, and we are looking forward to bringing him up to speed with our work upstream of the meter.

Lastly, I am **Don Hoskin**, a Utility Operator, Plumber/Gasfitter and the General Manager, I have had the privilege to serve the GLDC membership for over 34 years, joining with about 4 years experience from Burnt Lake Gas Co-op Ltd.

I would like to make special mention of **Dennis Semenyna**, Dennis has been a model employee, an awesome co-worker and an invaluable mentor for everyone here. Dennis pitched in with the new construction on our building in a big way; helping me with project management and doing all the plumbing. He is leaving us after 15 years of service, retiring to enjoy his grandchildren.

He never seemed to run out of those tan shirts. I think he wore one on his first day and I am fairly sure he wore one on his last day. Good for you wearing the same size for all these years considering that sweet tooth of yours!

Why the Changes over the Past 5 Years

In 2011, the Federation of Alberta Gas Co-ops engaged Grant Thornton LLP to conduct a Rural Gas Co-op Long Term Economic Study to develop and assess options to assist making choices to help remain viable for the next 20 years or longer. The result was a 300-page report.

Key Take Aways of the Atudy

I want to spend a little time explaining the key takeaways we identified through this study.

Amalgamation - GLDC today is the result of 2 amalgamations between 3 Gas Co-ops, Gull Lake and Deer Creek in 1990. Then GLDC and Benjamin in 2016. Each amalgamation brought with it - increased security and sustainability along with the benefit of 'economies of scale'.

With strengthening legislation and the added scope of work, it has become hard for the smaller utilities to operate within compliance and keep up with all the changing legislation.

Co-operation between Utilities - We work closely with other Co-ops within Zone 6 and beyond. This includes the trading of inventory and bulk purchasing.

For instance, we shared a large order of pipe, that lead to huge savings and when our Automated Meter Reading (AMR) devices were failing, we traded inventory, when possible, to keep operating.

In-sourcing

GLDC began self-construction in 2020. This is the result of completing a 10-year business plan in 2018.

- a. We had the space.
- b. We could finance the equipment so existing and future customers share the costs.
- c. We focused on hiring the best, most experienced staff to make this successful.
- d. We then had to store machinery and house additional staff.

Everything you see in the building and in the yard is a result of our 10-year business plan to replace failing legacy pipe (circa 1967).

As mentioned before, the sale of CCI expedited the facility improvements, providing funding to make the facility improvements without affecting our members directly.

Strategic Planning - The board has undergone significant changes including conducting and implementing a Strategic Plan in 2021, identifying the Vision and Mission statements for GLDC as well as the core values. You will

have seen these Statements and Values posted proudly in the building.

Asset management boils down to looping undersized pipe systems, replacing failing pipe and above ground infrastructure.

In late 2018 we added a \$5/month fixed, and a \$0.25/Gj variable system improvement fees. With these monies we are tasked with replacing failing pipe at a minimum of 10 kms per year.

At the same time, ensuring no one member of GLDC goes without gas despite their load requirements, line sizing or location.

Since implementing the system improvement fees in 2018, we have collected approximately \$1.5 million dollars. With this money available for replacing and looping our system it gained us access to an additional \$733,000 funding through our Rural Utilities Grant program. Leaving the draw on our cash reserve at only about \$25,000 over the past 5 years. This leaves us in a very strong and sustainable position moving forward.

Looping, replacement, and upgrading infrastructure requires a strong method of Asset tracking, since 2019 we have been transitioning to GIS mapping. A Geographic

Information System is a system that creates, manages, analyzes, and maps all types of data. GIS connects to a map integrating location data with all types of descriptive information. As we develop our GIS system it will become a more and more powerful tool for operations.

Board Governance - Within the Co-op, the members elect a board to provide oversight of GLDC, the General Manager is the only employee of the Board.

The GM is then responsible for all staff, as illustrated in the graphic on the left.

Staffing - The need for personnel has resulted in the hiring of amazing people of all ages, based on the culture of GLDC and the expertise everyone brings to the table.

The most important part for achieving the goals set out in the 10-year plan is the people.

We have the best staff, that are dedicated to making sure we achieve our goals and serve our members.

Awareness of our Legislated Responsibilities

As a Natural Gas Distributor in Alberta, we are responsible to many agencies within the Government of Alberta. We are required to operate at a high level of compliance, and I just wanted to show an overview.

We are transitioning our Health and Safety Management System to the required and more in depth “Safety Loss Management System”.

The blue circle above represents the SLMS containing the 7 elements inside.

1. Integrity Management Plan – as per AER Z662 Oil and Gas Pipeline Standard
2. Quality Management Plan – as per Section 2 of the Gas Distribution Act
3. Operations and Maintenance Guidelines – Alberta Utilities Gas Distribution Act
4. Health and Safety Management System Manual– Occupational Health and Safety Act and Regulation
5. Emergency Preparedness and Response Program Manual – Alberta Energy Regulator Directive 071
6. Emergency Response Plan – AER Directive 071 Section 1.5

O&M Audit 2023

On April 11th we were Audited for our Operations and Compliance. We have always scored well during these

reviews, however this year the auditor could find no deficiencies.

Frequently Asked Questions

I wanted to include a few of the more frequent questions we have received, to provide information that has been relevant to membership.

Why are my Gas Bills so high?

For the most part we found consumers gas volumes were no higher than previous years, but the carbon levy is higher and the cost of gas was also higher.

In June 2022, the cost of gas was \$8.38/Gj, which had less impact as it was a warm month.

In January, the rate peaked at \$6.47/Gj and our phones rang all month. We fear voters still can't comprehend the long-term cost to consumers of the Federal Fuel Charge. Roughly speaking, we see the total dollar figure of the gas bills has doubled in the last 5 years, the carbon levy has been a huge factor.

With the radio failures reported, how do I know my gas bill is accurate?

The issue we shared with membership as part of our commitment to transparency was regarding the ERT

component of the meter index. The Encoder Receiver Transmitter (ERT) is used to transmit data from utility meters over a short range so a utility vehicle or aircraft can collect metered data without a worker physically inspecting each meter. The mechanical index continues to measure and indicate volume on the meter just the same way it did prior to the ERT technology.

We put this note on the bills because this meant we tried to read as many meters as possible with site visits to minimize the number of estimates required.

With a general increase in concern over rural crime, our members are not as receptive to unscheduled site visits. Many people suggested we call ahead; with the short time frame we have to get the billing complete it just isn't possible to read meters by appointment.

Crews have been working hard to upgrade the failed devices, and we are very close to completion.

Why Does the Federal Fuel Charge (Carbon Levy) keep going up

The Federal Government began pricing carbon pollution in 2019, at that time they committed to a goal to reach net-zero by 2050 which is stated to be (\$170 / tonne or \$8.70 / Gj).

On April 1st the levy went up 70 cents from \$50 / tonne to \$65 / tonne emissions. We began referring to this levy as the “Carbon Tax” because people calling us did not understand the soft language our Federal Government chose.

Please note; because the Feds call it a “levy” we must charge GST.

We have developed an information circular showing the impact of the Federal Fuel Charge up until the year 2030 that shows the Government’s plan to get to \$170/tonne.

Please take one.

At \$50 / tonne in 2022, GLDC submitted over **\$1.4** million dollars.

Since the start, the members of GLDC have contributed over **\$5.4** million dollars Provincially and Federally towards the Carbon Emissions Fuel Charge.

Why didn’t I see a rebate on my gas bill?

Alberta consumers will be able to receive natural gas rebates on their utility bills if the regulated monthly natural gas rate charged by any one of Alberta's regulated utility providers is above \$6.50 per gigajoule. That price

was never reached, and no rebate was available for natural gas.

Can I lock my rate into a fixed term?

We choose not to enter into delivery agreements with set terms.

We have an exclusive franchise area and believe we serve our members better without risking long-term contracts for natural gas supply.

Gas Alberta Inc. provides us Natural Gas at a rate which is rarely higher than what fixed rate contracts can provide.

In fact, only a couple of times have our gas rates been above fixed price offerings in 25 years.

As a comparison ATCO's website offers 3-year term contracts at \$4.99/Gj and our rate for May was just announced at \$2.10 / Gj.

The chart on the left compares retailers 5-year fixed terms including ATCO, ENCOR & ENMAX with the Monthly index and forecasted rates to 2027.

Harassment Free Workplace

Over the past 3 years or so, we have noticed a clear increase in harassing and violent behavior from members

and customers directed at our staff. Somehow, in today's environment it has become more prevalent for people to make unwelcome comments, shout, curse, make threatening gestures or even physical contact with employees.

The board and management will not tolerate this abuse of the employees. At the first sign of abusive behaviour or profanity from a member or customer, staff will terminate the interaction by terminating phone calls, asking the person to leave the office or stop the service call immediately.

Depending on the severity, staff will provide the Board with an incident report or file a complaint with police if necessary. This could lead to the board discussion, possibly voting to sanction such members.

Thank you for your time and attention