



# RURAL GAS PROGRAM

## Grant Guidelines and Unit Rates

2020

Administered by the Federation of Alberta Gas Co-ops on behalf of the Province



# Rural Gas Program Guidelines 2020

## 1. Definitions

- 1.1. "Federation" means the Federation of Alberta Gas Co-ops Ltd.
- 1.2. "Distributor" means all owners of a 'rural gas utility' or a 'municipal gas utility' as defined in the *Gas Distribution Act* and shall also include gas distribution systems owned by First Nations.
- 1.3. Notwithstanding subsection 1.2, ATCO Gas and Pipelines Ltd. and AltaGas Utilities Inc. are not distributors for the purpose of this program.

## 2. Applications

- 2.1. Distributors must make an application to the Federation prior to January 15 of each calendar year covering all construction completed in the preceding year.
- 2.2. New single service line installations (infills) should be grouped as a project in an application by their various class of consumer (rural domestic, urban domestic, commercial, grain dryer, irrigation, federal lands, etc.). Each project should contain information on the costs, length of pipe, consumer names, and locations.
- 2.3. Upgrading projects will require a Project Detail Report as described in Schedule "A". This report would:

- (a) provide a description of the project,
- (b) define the need for the upgrade project,
- (c) identify what class(es) of consumer are affected by the project and any directly associated infills,
- (d) outline a cost responsibility for the industrial / commercial sector on common network projects
- (e) provide a cost estimate,
- (f) any other relevant evidence to support the application.

## 3. Final Submissions

- 3.1. Distributors must make a submission of the digital as-built plans of their distribution system to the Federation prior to March 31 of each year, showing all of the infrastructure constructed and abandoned for each calendar year. These plans must reconcile with the applications submitted under subsection 2.1.
- 3.2. Distributors must make a submission of actual costs to the Federation prior to June 30 of each calendar year covering all construction completed and applied for under section 2.1 in the preceding year.

- 3.3. The actual costs submission includes a copy of the audited financial statement supporting the detailed costing sheet.

#### 4. Capital Cost Reviews

- 4.1. The Federation will determine the final system capital cost to be used to calculate total grant eligibility for capital projects by means of a year-end review. The review may include:

- (a) an analysis of the distributor's records,
- (b) a review of capital costs and grant specifications outlined in construction approvals,
- (c) a comparison of:
  - (i) approved tenders to actual costs, if applicable
  - (ii) capital costs approved versus capital costs reported, and
  - (iii) capital projects approved versus construction progress reported,
- (d) an evaluation as to reasonability of the capital costs reported.

- 4.2. Where the total amount of pipeline defined in a construction approval is not installed due to the deferral or cancellation of a project, the Federation will reduce the approved estimate accordingly.

- 4.3. The Federation may require a distributor to justify any capital costs in excess of approved estimates.

- 4.4. A distributor may be requested to submit year-end cost summaries with appropriate documentation covering all items in subsection 3.1 in lieu of a field review by the Federation.

#### 5. Cost Eligibility for Grants

- 5.1. Capital costs eligible for grant support may include the following:

- (a) Construction materials, supplies and associated freight charges; but excluding materials and supplies placed in inventory, resold or used for system operations,
- (b) Contractor services for installation of materials and supplies in the distributor's system, and/or self-construction costs as determined from the unit rate system,
- (c) Consulting costs, internal labour costs, mileage, and administrative costs. **Costs in this category will be determined at the flat rate of 20% of materials and contractor services, plus 10% of unit rate costs,**
- (d) Crop damages paid out to landowners that are reasonable and strictly related to crop losses due to pipeline construction,
- (e) Specialized services, such as easement search and registration, lien note registrations, and pipe quality assurance.

- 5.2. The eligible costs specified in subsection 5.1 may be restated by the following formula:

$$\text{Approved Capital Costs} = (\text{Material} + \text{Contractor Services}) \times 1.2 + (\text{Unit Rates} \times 1.1) + \text{Crop Damages} + \text{Specialized Services}.$$

#### 6. Unit Rates for Construction

- 6.1. A distributor that undertakes all or a portion of pipeline construction with its

own labour and equipment must determine the capital costs from the self-construction unit rates described in Schedule "B".

- 6.2. Upon completion of a self-construction program, the distributor must calculate the value of self-construction costs and submit it to the Federation. The Federation reserves the right to conduct a field audit of costs.

## **7. Non-Grantable Capital Costs**

- 7.1. Construction costs considered ineligible for grant support include the following:
  - (a) service to non-grantable consumers as described in subsection 7.2,
  - (b) replacement of pipelines due to inadequate depth of cover,
  - (c) replacement or lowering of crossings or relocation of pipelines due to construction activity on highways, roads, railways, canals, watercourses, foreign pipelines or other utilities,
  - (d) new subdivision mains with no associated services constructed in the same year,
  - (e) replacement of/or improvements to above-ground facilities that have deteriorated due to inadequate maintenance,
  - (f) replacement of CIL 219 pipe, PE 3306 and PVC,
  - (g) all projects identified as urban by the Federation, and/or
  - (h) Any portion of an upgrade that in the opinion of the Federation exceeds the design criteria to

address immediate supply requirements only.

- 7.2. A non-grantable consumer is a consumer who uses natural gas for non-domestic, non-farming, or standby purposes. The non-grantable cost of service for this type of consumer will be the actual cost of service or \$8,000 whichever is greater.

## **8. Grant Eligibility Criteria**

- 8.1. A distributor may receive grant support toward the capital cost of the portion of its overall distribution system which is intended to serve farm or domestic consumers within the prescribed boundary of its franchise area approval. Any distribution system which is installed for any other purpose or is installed within a municipal franchise is ineligible for grant support.
- 8.2. Notwithstanding a distributor's right to establish contract prices for new consumers within its franchise area, the grants specified in this manual are based on the principle that contract prices for rural and urban consumers must be the same for all consumers within that class in any given year.

Where a distributor does not establish a common contract price for each class of consumer, the Federation may refuse to provide any or all of the grant assistance for which the distributor would otherwise be eligible.

## **9. Grants – General**

- 9.1. Where:
  - (a) a distributor incurs capital costs for the development of its gas utility,
  - (b) the distributor requests grant support for the capital costs, and

- (c) the capital costs are eligible for grant support.

the amount of grant available to the distributor will be as outlined in sections 9.2, and 10.

9.2. Projects eligible for grant assistance include the following:

- (a) installation of new domestic, grain dryer, irrigation, or other agricultural services,
- (b) looping and other system improvements to ensure security of supply to consumers,
- (c) studies related to the design, construction, operation or safety of a new rural distribution project,
- (d) installation of new gas sources, reconnecting distribution systems to new gas sources due to failure, inadequacy, or loss of the existing source
- (e) upgrade of line heaters installed prior to 2015 to be compliant with CSA code B149.3, with eligibility expiring in 2025.

**10. Grants for Rural Services**

10.1. In this section:

- (a) “rural capital cost” means the total capital cost in any year less the non-grantable capital costs specified in section 7.
- (b) “capital cost per rural consumer” means the quotient obtained by dividing the rural capital cost by the number of rural consumers in any year.

10.2. The number of rural consumers will be based on the aggregate of the following:

- (a) the number of farms and rural residences served with natural gas,
- (b) the number of additional residences on a farm or rural parcel served with natural gas, where those residences are separately metered by the distributor,
- (c) an equivalent of five (5) rural consumers where a communal farm is provided with natural gas from a single consumer meter, and
- (d) the number of services for irrigation, grain drying, or other agricultural services.

10.3. The amount of grant assistance for rural capital costs may be calculated from the following table:

**2020**

Capital Cost Per Rural Consumer	Sharing of Capital Costs
Up to \$7,000	100% distributor
Over \$7,000 to \$20,000	25% distributor 75% grant

*The ‘Capital Cost Per Rural Consumer’ shall be determined by the Federation and approved by the Director of Rural Utilities at Alberta Agriculture and Forestry annually.*

10.4. Notwithstanding subsection 10.3, the maximum capital cost for service to an individual rural consumer for grant eligibility purposes is \$20,000, and any other costs are deemed ineligible for grant support by the Federation.

10.5. The amount of grant assistance for rural capital costs on federal lands may differ from the table in subsection 10.3.

10.6. The amount of grant assistance may be adjusted based on the availability of funding.

## 11. Grant Processing

11.1. The Federation may generate, process and pay a grant to a distributor where:

- (a) the distributor has made its annual submission as specified under section 3,
- (b) an independent audit conducted by the Distributor's auditor has been completed and a copy of the resulting financial statement covering that audit has been submitted to the Federation,
- (c) utility rights-of-way have been acquired and registered as required under the *Gas Distribution Act*.
- (d) Notwithstanding subsection 11.1 (a to c), the Federation may advance a partial payment where:
  - (i) The distributor has met all eligibility requirement from the previous year and
  - (ii) Where the cost of an individual eligible project is in excess of \$1 million.
- (e) The partial payment shall not exceed 50% of the forecasted grant of the project but in any event shall not exceed \$300,000. Costs claimed must be supported by copies of contractor invoices and or unit rates and materials listings and related costs.

11.2. The Federation may hold back grant funds where the distributor does not comply with the requirements of subsection 11.1 (a) to (c). Where the distributor does not comply with these requirements by July 1 of the year following construction, the Federation may deem the amount held back to be forfeited.

## SCHEDULE A



### Project Detail Report

#### **Project Description:**

(What work is specifically being proposed/done and where?)

#### **Project Justification**

Why is this project necessary? Is there an immediate need to warrant this upgrade or revision? Can this project be delayed or completed in phases? Have viable alternatives been considered?

#### **Persons Affected**

(What customers are being impacted by this project? Who is benefitting? Are there any new infills connected to this project? What is the makeup of the customers on this tap? Does the tap solely supply rural consumers or are there urban services, commercial or industrial consumers as well? **Identify new infills that are associated with this project – name, legal, cost of service.**)

**Work Plan**

(If applicable, please provide a plan highlighting the work that will be undertaken. The plan should identify the routing of any pipelines (to and from) that will be constructed and the gas source applicable to this project. Please provide estimated cost sheet from engineer/consultant or gas distributor.)

**Supporting Information**

(Please provide any additional evidence/comments that would support your application including pictures if appropriate.)

## SCHEDULE B – 2020 Self Construction Unit Rates (in effect since 2015)

<b>1. Polyethylene Pipe Installation (including plowing/trenching)</b>	
<b>OD Sizes 26.7mm, 33.4mm, 42.2mm (3/4", 1", 1 1/4") per meter</b>	
0 - 100 Meters	\$ 5.30
101 - 300 Meters	\$ 5.00
301 - 1600 Meters	\$ 4.00
1600+ Meters	\$ 3.90
<b>OD Sizes 48.3mm, 60.3mm, 73.0mm (1 1/2", 2", 2 1/2") per meter</b>	
0 - 500 meters	\$ 5.10
501 - 1000 meters	\$ 4.70
1000+ meters	\$ 4.10
<b>OD Sizes 88.9mm, 114.3mm (3", 4") per meter</b>	
Trenching by Backhoe, applicable only when plowing or trenching is not possible (per meter).	\$ 8.90
Per test per Infill (applicable when contractor installs pipe).	\$ 72.00
<b>2. Bored Road or highway Crossing (Polyethylene)</b>	
Includes bell holes, boring, placement of pipe, tying pipelines and tracer wire, backfilling and clean-up, and installation of warning signs and posts. Note: Boring costs should only be incurred where permitted for grant purposes as specifically noted in the unit rate schedule (i.e. "Bored Road, Railway crossings, foreign pipelines, etc."). Any other boring costs whether incurred through unit rates or under third party contracts will require acceptable justification otherwise plowing or trenching rates will apply. For total crossing width as detailed in the Technical Standards Manual (plus control area).	
Per meter claim based on ROW width (covers costs of additional depth in control area if required).	\$ 50.00
OR	
Per meter claim based on total bore width (which is made up of ROW width plus the additional depth through the control or development area as specified by the road authority).	\$ 30.00
<b>3. Tie-ins (at crossing where contractor provides boring or plowing only)</b>	
Includes excavation (bell holes), tying pipeline, tracer wire, backfilling, cleanup, installation of warning signs as required. (Claim is applicable when a contractor is only providing the boring or plowing).	
Per tie in.	\$ 250.00
<b>4. Open Cut Road Crossings (Polyethylene) and includes driveways</b>	
Includes trenching, placement of pipe and tracer wire, tie-in, backfilling, tamping and clean-up, and installation of warning signs and posts. (Driveway max eligible width - 15 meters. Applicable even if landowner insists on boring under driveway.)	
Per meter of crossing width as detailed in the Technical Standards Manual.	\$ 28.50

<b>5. Bored Railway Crossings (Steel)</b>	
Includes bell holes, boring, placement of steel pipe and tie-in to plastic pipeline, backfilling and clean-up, installation of anode and cathodic test station, and installation of warning signs, as required.	
Per meter of crossing ROW width as detailed in the Technical Standards Manual	\$ 68.00
<b>6. Foreign Pipeline Crossing (Polyethylene)</b>	
Includes hand excavation of foreign pipeline(s), installation of polyethylene pipeline and tracer wire through R/W, all tie-ins, backfilling and clean-up, and warning signs and posts.	
Flat Rate Per Crossing.	\$ 740.00
OR	
Per meter boring rate based on ROW width as detailed in the Technical Standards Manual.	\$ 30.00
(Plus) Tie-in costs at both ends.	\$ 250.00
<b>7. Open Cut Canal, Drainage Ditch, and Creek Crossings (Polyethylene)</b>	
Includes trenching, placement of pipe and tracer wire, tie-in, backfilling and clean-up, and installation of warning signs and posts (Creek Crossing has been added to this category from the old schedule).	
Per meter of crossing ROW width as detailed in the Technical Standards Manual.	\$ 35.00
<b>8. Bored Canal, Drainage Ditch, Creek Crossing (Polyethylene)</b>	
Includes bell holes, boring, placement of pipe, tie-in pipelines and tracer wire, backfilling and clean-up, and installation of warning signs and posts (Creek Crossing has been added to this category from the old schedule).	
Per meter of crossing ROW width as detailed in the Technical Standards Manual	\$ 55.00
<b>9. Fibre Optic Crossing</b>	
Includes hand excavation of cable, installation of polyethylene pipeline and tracer wire through R/W, all tie-ins, back filling and clean-up, and warning signs and posts.	
Per crossing ROW width as detailed in the Technical Standards Manual.	\$ 600.00
<b>10. Utility (owner pipeline) &amp; Cable Crossing (Polyethylene)</b>	
This refers to crossing of telephone cable and power cable, and includes proper notification of cable owner and excavation to expose cable, and installation of pipeline in accordance with the approved agreement.	
Per crossing ROW width as detailed in the Technical Standards Manual.	\$ 150.00
<b>11. Brushing of Right-of-Way</b>	
Includes clearing, piling and disposal of brush as may be necessary to suit the local landowner.	
Per meter for an 8 meter ROW.	\$ 4.50
(Add per meter for) total disposal.	\$ 6.00

## SCHEDULE B – 2020 Self Construction Unit Rates (in effect since 2015)

<b>12. Shut-Off Valve</b>	
To supply labour and equipment to fabricate and install shut-off valve assembly.	
Per assembly.	\$ 500.00
<b>13. Intermediate Regulating Stations</b>	
Per station to supply labour and equipment to fabricate and assemble intermediate regulating station (materials costs are extra).	\$ 378.00
Per installation to supply labour and equipment to install intermediate regulating station.	\$ 378.00
<b>14. Customer Service Riser</b>	
To supply labour and equipment to assemble and install service riser and anode, as required.	
Per riser as detailed in the Technical Standards Manual	\$ 175.00
<b>15. Hot Tap (Polyethylene)</b>	
To supply labour and equipment to connect a newly installed line to a gasified pipeline; includes hand excavation of existing line, tie-in polyethylene and tracer wire, backfill and clean-up.	
Per hot tap.	\$ 250.00
<b>16. House Meter-Regulator</b>	
Per meter set to supply labour and equipment to fabricate, assemble and test domestic meter-regulator sets as detailed in the Technical Standards Manual.	\$ 57.00
Per installation supply labour and equipment to install domestic meter-regulator sets.	\$ 113.00
<b>17. Irrigation and Grain Dryer Meter-Regulator Set</b>	
Per installation to supply labour and equipment to fabricate, assemble and test grain dryer service sets & supply labour and equipment to install grain dryer meter regulator sets.	\$ 375.00