



Roles and Responsibilities of the Rural Utilities Section of Alberta Agriculture and Forestry and the Alberta Utilities Commission

Subject: Low-pressure natural gas distribution pipelines

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The regulatory responsibilities with respect to low-pressure natural gas distribution pipelines (i.e., those designed to operate at less than 700 kilopascals) are described in the *Gas Distribution Act* and the *Gas Utilities Act*. Under the *Gas Distribution Act*, low-pressure distribution pipelines are separate from those of a rural gas utility, which is defined as a “system of pipelines used for the supply, transmission, distribution and delivery of gas to consumers in a geographic franchise area.” A franchise area is granted under Section 18 of the *Gas Distribution Act*. Legislatively, both low-pressure distribution pipelines and rural gas utilities are under the *Gas Distribution Act*. Operationally, rural gas co-operatives operate their distribution pipeline systems at low pressure, but are increasingly taking ownership of high-pressure pipelines leading to multiple jurisdictional responsibilities.

The Alberta Utilities Commission (AUC) regulates all aspects of high-pressure gas utility pipelines. Under the *Pipeline Act*, the AUC issues a licence to construct and operate high-pressure gas utility pipelines and the Alberta Energy Regulator issues a licence for high-pressure pipelines operated by rural gas co-operatives. For gas pipelines designed to operate at pressures less than 700 kilopascals, approval from the AUC to construct and operate is not required under the *Pipeline Act* (Section 1(t)(ii)). The AUC does not issue licences for low-pressure distribution pipelines.

Under the *Gas Distribution Act* (Section 2(1)), the chief officer is responsible for the setting and enforcement of all standards related to the design, construction, operation, maintenance, quality assurance, plant records, surveys and as-built drawings for both rural gas utilities and low-pressure distribution pipelines as defined by Section 1 of the *Gas Distribution Act*. Section 4 provides authority for the chief officer to inspect a rural gas utility or low-pressure distribution pipeline, and to examine the records of the rural gas utility. Section 5 provides provisions for the chief officer to enter into agreements with distributors of rural gas utilities and owners of low-pressure distribution pipelines for compliance with the standards, quality management and operations as cited in Section 2(1). This agreement is referred to as a quality management plan. Collectively, Section 4 and Section 5 requirements, combined with annual submission of as-built construction data leads to the issuance of an approval from the chief officer to construct and operate the system.

Section 30 of the *Gas Distribution Act* indicates that the *Gas Utilities Act* does not apply to rural gas utilities operated by a rural gas co-operative or a municipal gas utility, but it does provide for the AUC to hear appeals respecting grievances on rural gas utilities terms of service, service

charges, rates or tolls. Low-pressure pipelines outside of the rural gas utility are not excluded from the *Gas Utilities Act*.

Notwithstanding Section 30, Section 31 of the *Gas Distribution Act* does re-apply the *Gas Utilities Act* to rural gas co-operatives in the situation where an urban municipality grants a municipal franchise for the whole of the municipality that was previously served by an urban gas utility, or in the event that the rural gas co-operative provides service in an area annexed by an urban municipality under the terms of a municipal franchise with 100 or more consumers.

Applicability of the *Gas Utilities Act* to the distribution system, specifically sections 22, 24 and 28.3(1), which provide for general supervision, the ability to make rules respecting service standards, investigation of any issues, and the ability to resolve disagreements associated with distribution matters, may result in multiple pieces of legislation applying to natural gas distribution systems – be they low-pressure pipelines or rural gas utilities under a municipal franchise agreement in urban centres where both the *Gas Distribution Act* and *Gas Utilities Act* apply.

This roles and responsibilities document is intended to provide direction for the ongoing safety and operational concerns of infrastructure associated with rural gas utilities and low-pressure distribution pipelines under the *Gas Distribution Act*, and to recognize the AUC’s jurisdiction under the *Gas Utilities Act*.

Further details of the roles of the Rural Utilities Section of Alberta Agriculture and Forestry (Rural Utilities) and the AUC are provided below.

Chief officer – *Gas Distribution Act* authority

1. The chief officer is responsible for setting and enforcing standards for the safe design, construction, operation and maintenance of all rural gas utilities and low-pressure distribution pipelines (*Gas Distribution Act*, Section 2(1)) including those in urban areas such as cities, towns, and villages and on Indigenous lands (First Nation reserves and Métis Settlements).¹ In this respect, as the standard, Rural Utilities recognizes the Technical Standards and Specification Manual for Gas Distribution Systems in Alberta² and accepts the adoption of ATCO Gas and Pipelines Ltd., Apex Utilities Inc., the City of Medicine Hat, and The Federation of Alberta Gas Co-ops Ltd. operation and maintenance documents which are based on the Canadian Standards Association (CSA) Z662 Oil and Gas Pipeline System standards (Standards).
2. The chief officer utilizes a quality management plan, developed under the authority of Section 5 of the *Gas Distribution Act*, to ensure compliance with the Standards.

¹ <https://www.alberta.ca/farm-fuel-and-rural-utility-programs.aspx>.

² <https://www.alberta.ca/assets/documents/af-technical-standards-specification-manual-gas.pdf>.

Rural Utilities – non-Gas Distribution Act related

3. Based on a summary of constructed services, Rural Utilities issues an approval to operate for rural gas utilities and low-pressure distribution pipelines and makes that information available for distributors through an online viewer.

AUC – rate regulation

4. Operators of investor-owned utility low-pressure distribution pipelines (e.g., ATCO Gas and Apex Utilities Inc.) are rate-regulated by the AUC for the natural gas supplied to consumers. In this respect, the AUC reviews and establishes the revenue requirements that are included in the rates (*Gas Utilities Act*, Part 4 Rates and Schedules).

AUC – terms and conditions of service standards

5. The AUC approves terms and conditions of service standards (*Gas Utilities Act*, Section 36 and AUC Rule 002: *Service Quality and Reliability Performance Monitoring and Reporting for Owners of Electric Distribution Systems and for Gas Distributors*, AUC Rule 003: *Service Quality Reporting for Energy Service Providers* and AUC Rule 004: *Alberta Tariff Billing Code*) for low-pressure distribution pipelines owned by the investor-owned utilities (ATCO Gas and Apex Utilities Inc.).

Routing of gas utilities in urban areas

6. For clarity, neither the AUC, nor Rural Utilities, issues an approval for routing of low-pressure distribution lines within municipalities. Notwithstanding Section 18 of the *Gas Utilities Act*, wherein the AUC can permit the use and the terms of service of its use for routing and maintenance of low-pressure gas distribution pipelines within a roadway or watercourse within cities and towns, the municipality reviews the routing within public thoroughfares and determines the associated facility pipeline assignments.

Chief officer authority – inspection under the Gas Distribution Act

7. The chief officer has authority to enter land and inspect rural gas utilities and low-pressure distribution pipelines and to examine any related records associated with the rural gas utility (*Gas Distribution Act*, Section 4).
8. The chief officer has authority to suspend any unsafe practices being used and unsafe conditions that exist related to construction or operation practices for a rural gas utility or low-pressure distribution pipeline or work, activity or circumstance that could endanger persons or property (*Gas Distribution Act*, Section 7).

Third-party responsibilities in emergency response and investigation

9. In accordance with the required emergency response plan of the rural gas utility or operator of a low-pressure distribution pipeline, the appropriate authorities/agencies (Alberta Environment and Parks, Rural Utilities, Alberta Energy Regulator) must be notified in the event of a pipeline rupture or an explosion involving their system. At the request of the Minister responsible for the *Gas Distribution Act*, the Alberta Energy Regulator may inquire into and examine an incident involving a rural gas utility or low-pressure distribution pipeline where it is in the public interest to do so.
10. In the event of a rural gas utility or low-pressure distribution pipeline serious incident/explosion, Rural Utilities will confirm that both the AUC and the Alberta Energy Regulator are aware of the incident and of any information provided by the rural gas utility or owner of the low-pressure pipeline. Given the required standards for the safe design, construction, operation and maintenance of rural gas utilities/low-pressure pipelines that are set and enforced by the chief officer, the rural gas utility or owner of the low-pressure pipeline is expected to thoroughly investigate the incident, remedy any and all causes of the incident, and ensure that the system is rendered safe for both people and property.
11. The chief officer may conduct an incident site inspection, as per Section 4 of the *Gas Distribution Act* and has the authority to suspend any unsafe practices being used or unsafe conditions that continue to exist. Rural Utilities may, depending on the nature of the incident, request assistance from the Alberta Energy Regulator or AUC as it considers appropriate.
12. The AUC is authorized to investigate any matter dealing with a gas utility, either on its own initiative or on an application by a person with an interest.³ A complaint involving a

³ *Gas Utilities Act*, **Supervision 22(1)**, The Commission shall exercise a general supervision over all gas utilities, and the owners of them, and may make any orders regarding equipment, appliances, extensions of works or systems, reporting and other matters, that are necessary for the convenience of the public or for the proper carrying out of any contract, charter or franchise involving the use of public property or rights.
(2) The Commission shall conduct all inquiries necessary for the obtaining of complete information as to the manner in which owners of gas utilities comply with the law, or as to any other matter or thing within the jurisdiction of the Commission under this Act.

Investigation of gas utility

24(1) The Commission, on its own initiative or on the application of a person having an interest, may investigate any matter concerning a gas utility.

(2) If in the opinion of the Commission it is necessary to investigate a gas utility or the affairs of the owner of it, the Commission shall have access to and may use any books, documents or records with respect to the gas utility and in the possession of any owner of the gas utility or municipality or under the control of the Alberta Energy Regulator or a board, commission or department of the Government.

(3) If a person directly or indirectly controls the business of an owner of a gas utility within Alberta, that person and any company controlled by that person shall give the Commission or its agent access to any of the books,



low-pressure distribution pipeline could be dealt with by the AUC under this provision, depending on the nature of the complaint. In the circumstance of a complaint involving aspects of design, construction, operations or maintenance of a low-pressure distribution pipeline system, Rural Utilities would be the lead agency responsible and would work collaboratively with the AUC to seek resolution of the complaint. Complaints based on matters related to tariffs, billing, and/or service standards would be the sole responsibility of the AUC.

documents and records that relate to the business of the owner or shall furnish any information in respect of it that may be required by the Commission.
