

# Rural Utilities Update

## Alberta Federation of Rural Water Cooperatives

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March 26, 2021

# Discussion Points

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- Overview of the Rural Utilities Section (RUS)
  - Who are we?
- RUS Legislative Role (in and out of scope)
- The *Rural Utilities Act* and Regulation
  - What is the focus of the legislation
  - Key obligations under the Act
- Governance Best Practices

# Overview

## Rural Utilities Section (RUS)

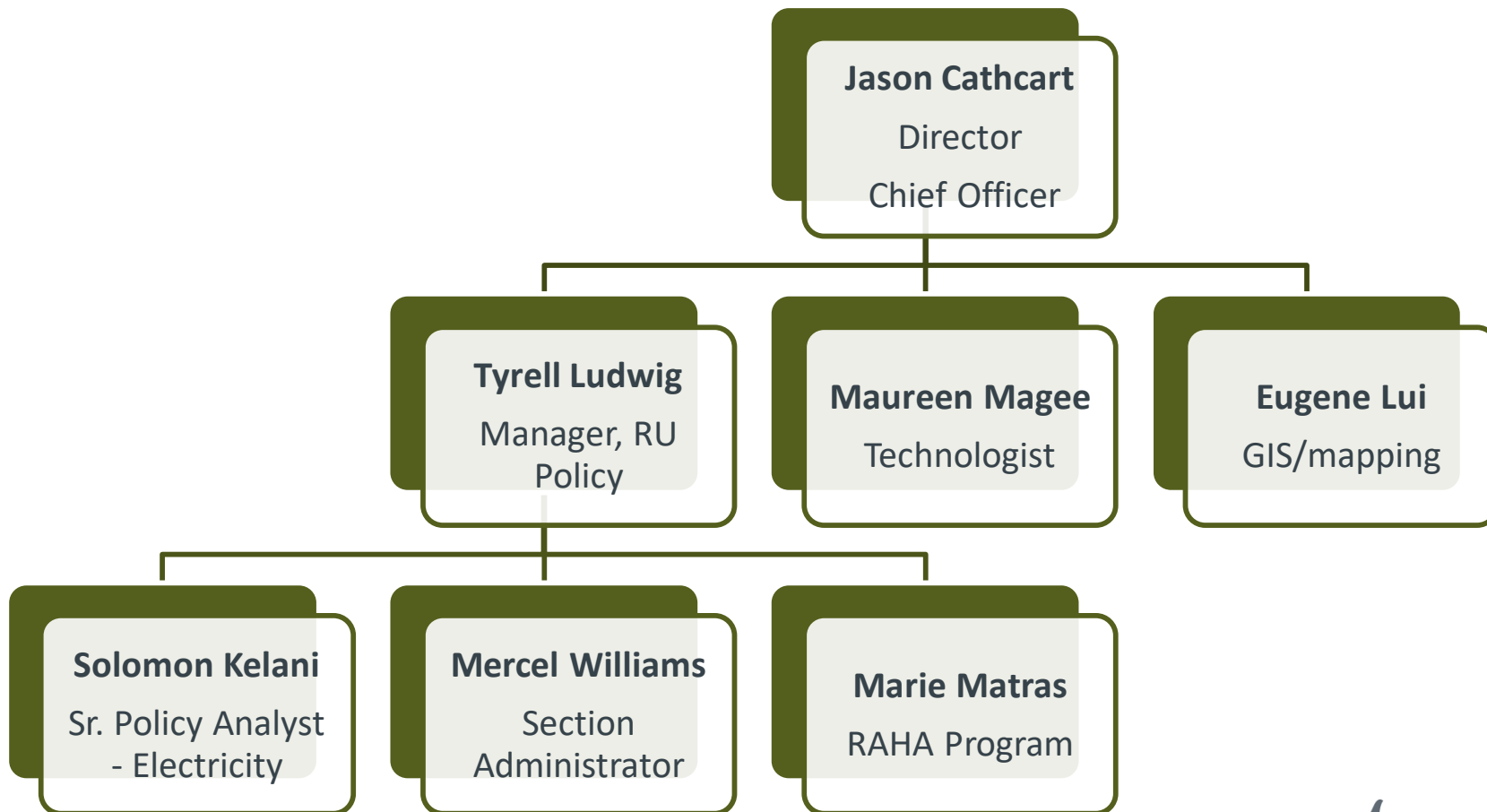
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# Who We Are

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Primary Agriculture Division (ADM John Conrad)→

Industry Governance and Rural Utilities Executive Director Brent McEwan→



# Key Functions

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- Regulatory oversight of rural utility co-operatives
  - Natural Gas Co-operatives, Rural Electrification Associations and Water/Sewer Co-ops
  - Primary focused towards governance in relation to all rural co-operative associations
- Administration and delivery of grant programs
  - Rural Gas, Rural Electric and Remote Area Heating Allowance
- Supplemental bylaw reviews, approvals and filing

# RUS Legislative Role

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# In Scope Responsibilities

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- Responsible for:
  - *Rural Utilities Act* and Regulation
    - Focus is on board governance and the business administration of the co-ops
    - Supplemental bylaw reviews, filing of annual returns
  - *Gas Distribution Act*
    - Setting and enforcement of the design, construction, operation and maintenance of low pressure gas pipelines in Alberta
    - Franchise area amendments
  - *Heating Oil and Propane Rebate Act*
    - RAHA Rebate program for areas uneconomical to serve by NG
  - Rural Gas Program and Rural Electric Program (grants)
    - Expansion and upgrading of infrastructure
  - Discharge Gas/Electricity Liens
    - Under the *Rural Electrification Loan Act* + *RE Long-term Financing Act*
    - At Crown Debt, those that may have been missed



# Out of Scope

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- Customer issues regarding service contracts
  - This is part of the normal operating business of the association.
  - We do not require submission of, or review of contractual documents.
  - Decisions belong to the associations.
  - RUS' interest is in the legislative process used to get to the decision.
- Direct recommendations or interpretations on legislation or supplemental bylaws
  - Our focus on alignment to the legislation
  - Associations are encouraged to work through their legal counsel





# The *Rural Utilities Act* and Regulation

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# *Rural Utilities Act*

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Focus is on:

- Incorporation
  - Corporate name, memorandum of association, bylaws, membership, director elections
- Management of Business and Affairs
  - Director powers
  - Financial reserves and levies on members
  - Annual returns
  - Sales, amalgamations and winding up of associations
- Supervision
  - Inquiries, defunct associations, offenses and penalties

# Rural Utilities Regulation

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- More operational aspects of the association and provides standard bylaws (Schedule 3).
- Functions of the auditor, use of the reserve, changes in service status (REAs), sales and amalgamations
- Provides forms for incorporation idle services, liens

## Standard bylaws

- Meetings, quorum requirements, voting, board composition, elections and meetings, membership and expulsion

# Governance Best Practices

## Filing Annual Returns

# The Board

- The Board:
  - General direction and supervision of the affairs and business of the Association
  - Appoint managers and other officers
  - Meet at least every three months
  - Declare conflicts
  - Fiduciary duties



# Filing of Annual Returns

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- Providing:
  - Supplemental bylaw changes.
  - Financials, with a specific emphasis related to the deposit reserve and general financial health.
  - Meeting minutes that highlight member engagement, democratic processes, election results, and resolutions being proposed.
  - Most recent Officers list to ensure elections are to the correct term length.

# Supplemental Bylaw Changes

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- Bylaws (RUA, s.9) and Supplemental Bylaws
  - Parts can be amended and there are parts that cannot
    - Standard Bylaws (Regulation Schedule 3) cannot be amended.
  - Submissions should be made in the form of a ‘three column’ document.
  - Greatly assists in providing faster processing and assessing requirements.

Existing Bylaw	Proposed Bylaw	Intent and Rationale
Identify the text to you planning to amend.	Provide the edits you are proposing to make.	Highlight why the association making this edit and how your association has engages your membership on the change(s)

# Financials

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## **Under the Act:**

- Associations are required to maintain a reserve account, separate from their operational (expense) account.
- Purpose is for the replacement, extension or increase in the capacity of the association works.
- Common practice is to maintain approximately 5 years worth of expenses in the reserve.

## **Under the Regulation:**

- The Minister may set the reserve amount (has not occurred)
- Sets the specific uses for the reserve unless altered through approved supplemental bylaw.
  - Partial or total replacement
  - Extension, improvements and upgrading
  - Meeting reciprocal agreements (emergency)
- Also addresses investment of the reserve (safe and low risk).



# Minutes

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- Minutes are important records:
  - Provides history for the Board and members.
  - Indicates overall situational awareness of the status of utility associations in Alberta for RUS.
  - Supports foresight into significant changes to the structure of Alberta's utility associations
    - e.g., contemplating sales and amalgamations.
  - Highlights, policy, democratic process such as voting and the ability of association members to reach the board are being followed by the board and the association members.
  - Recognizes Auditor appointment.

# Annual Returns – Officer List

## Form Q - Officers List

- Ensure complete information
- Dates
- Correct listing of Cooperative Directors and their term lengths
- Complete info assists with contact and engagement
- Guide to the Annual Return - [https://www1.agric.gov.ab.ca/gener/progserv.nsf/all/pgmsrv11/\\$file/guide-to-the-annual-return.pdf?OpenElement](https://www1.agric.gov.ab.ca/gener/progserv.nsf/all/pgmsrv11/$file/guide-to-the-annual-return.pdf?OpenElement)

\_\_\_\_\_  
WATER CO-OP NAME  
\_\_\_\_\_  
YEAR OF Annual Return

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Fiscal Year End (M/D/Y) \_\_\_\_\_  
COMPLETE Mailing Address (with postal code) \_\_\_\_\_  
\_\_\_\_\_  
Phone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_  
Email address: \_\_\_\_\_  
Annual Meeting Held at: \_\_\_\_\_  
Date: \_\_\_\_\_ Time \_\_\_\_\_  
Members - Active \_\_\_\_\_ Inactive \_\_\_\_\_ Total Present at meeting \_\_\_\_\_  
Name of Auditor appointed: \_\_\_\_\_

Officers: (or attach list)

	Name	Director (please circle)	COMPLETE ADDRESS WITH POSTAL CODE	Phone	Term
Chairman		Yes No			to
V / Chairman		Yes No			to
Sec / Treas.		Yes No			
Manager		Yes No			
Off. Supervisor		Yes No			

Remainder of Directors (or attach list)	COMPLETE ADDRESS WITH POSTAL CODE	Phone	Term
			to
			to
			to
			to
			to
			to
			to

Following your annual meeting please return this form along with other requested information to: Alberta Agriculture and Forestry, RURAL UTILITIES, Suite 108, J.G. O'Donoghue Bldg. 7000 - 113 Street, Edmonton, Alberta T6H 5T6

Completed by \_\_\_\_\_ Date \_\_\_\_\_

April 1/2018

# Director Election

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- Election of Directors (RUA, s.13)
  - Elections are to the position, not the person
    - This retains a staggered terms according to the rule of thirds
  - Held in accordance with bylaws
  - Term lengths - must be for three years
  - Board of Directors should be an odd number
  - Vacancies can be filled by Board

# Annual General Meetings in 2021

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- General expectations for AGMs in 2021
  - Roughly half of the associations must fulfill 2020 requirements in advance of 2021
- Hosting In-Person Versus Virtual
  - Role of CMOH and the physical ability to find space
- The Standardized Supplemental Bylaw
  - To be used as a tool, policies and procedures are where the detail can be contained
  - S. 6(3)b allows the Board to pass the supplemental bylaw
- Notification Requirements (as discussed).

# Important Links

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## Farm Fuel and Rural Utility Programs

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

## Rural Water Information and Templates

- <https://www.alberta.ca/farm-fuel-and-rural-utility-programs.aspx#toc-4>

**Thank you!**  
**Questions?**



**Contact us at Rural Utilities**  
**Suite 108, 7000-113 Street**  
**Edmonton T6H 5T6**  
**Rural Utilities: 780-427-0125**

