

Definition of Ballot Terms and Voting Rules

Glossary

“Project” means the research activities necessary to achieve a discrete research objective. A project is a “PRCI Project” if it is funded by at least two pipeline operating member companies. A project that is not funded by at least two PRCI pipeline operating member companies is an “Other Project” that is not conducted through the PRCI collaborative research management process, but is managed by PRCI staff and the companies that fund the project.

“Subscription funds” means the amounts owed annually by a member company to PRCI as provided in the member company’s subscription agreement.

“Supplemental funds” means any funds provided to PRCI by a member company in excess of its subscription funds for use on a specific research project selected by that company.

“Cofunding” means any funds provided by non-members (including government) to support PRCI projects.

“Proxy” means a written or electronic document provided by the designated voting member to another individual in the same member company authorizing that individual to vote on behalf of the designated voting member.

“Research Objective” means the intended focus or purpose of a research project or projects, the deliverables of which address an important technical need (e.g. developing a decision tool for pipe defect remediation).

“Flexibility Fund” means a fund established within PRCI to be used to meet unanticipated needs during the year. Funds will be allocated by the Executive Committee, subject to rules adopted by the Committee.

“Project Costs” means an assessment by PRCI on each approved project for research planning and management. This assessment is approximately 15% of the amount voted to each approved project.

Rules

- 1. Submissions to Ballot**

The ballot and project background information is posted on the PRCI ballot website for viewing by the membership. After the ballot has been posted any changes (including additions and subtractions of projects) may only be submitted by Board members. Submissions must be sent via the electronic Research Idea form which is available on the PRCI website. Submissions will be accepted up to 48 hours prior to the first round of ballot voting. Any additional submissions received after that date will only be posted after the current round of voting has closed, and prior to the next round opening, unless otherwise authorized by the Board. The Board will be notified of any changes to the ballot.
- 2. Commitments Made by Member Voting**

A member company's vote on the ballot is considered intent to continue membership in PRCI for the year for which the vote is conducted, to pay required subscription funds, to pay any supplemental funds voted, and to designate a point of contact for each project voted.
- 3. Minimum Funds per Vote**

None for pipeline operating company members and Associate Members.

TPAMs that are members of one Technical Committee are required to vote at least one-third (1/3) of their total annual subscription eligible for allocation to each project for which they wish to vote.

TPAMs that are members of two Technical Committees are required to vote at least one-sixth (1/6) of their total annual subscription eligible for allocation to each project for which they wish to vote.

TPAMs that are members of three Technical Committees are required to vote at least one-ninth (1/9) of their total annual subscription eligible for allocation to each project for which they wish to vote. (See related rule #4. Voting Restrictions).
- 4. Voting Restrictions**

None for pipeline operating company members and Associate Members.

TPAMs may only vote on projects within the Technical Committee(s) of which they are a member. TPAMs may not vote on more than three projects per Technical Committee (i.e. membership in two Technical Committees allows TPAM to vote for up to six total projects; membership in three Technical Committees allows TPAM to vote for up to nine total projects) (See related rule #3. Minimum Funds per Vote).
- 5. Eligibility to Vote**

All members.

- 6. Amounts Voted** Pipeline operating company members and Associate Members may vote ninety percent (90%) of their annual subscription. Subscriptions are calculated using the most recently declared mileage prior to the ballot being posted. Ten percent (10%) of the annual subscription is withheld from voting to support annual PRCI G&A expenses.
- TPAMs may vote eighty percent (80%) of their annual subscription. Twenty percent (20%) is withheld from voting to support annual PRCI G&A expenses.
- 7. Project Costs** Project Costs are assessed on the following:
- Amounts voted by ALL member companies (including subscription and supplemental dollars)
 - Amounts transferred to the Flexibility Fund
- 8. Proxy Voting** Allowed if provided in writing or electronically to PRCI staff in advance of voting. All proxy voting is final and represents the vote of the proxy-giving member without further confirmation.
- 9. Designation of Project Team Representative / Point of Contact** In each line to which funds are voted, the voting company must designate a representative to the Project Team. If this is not done, the website will not accept the vote. Submission of a name does not commit the company to active participation on the Project Team, but is necessary for the communication of project information. The voter may select his or her own name, but since Project Team formation is a key element in commencing project-related activities, members are strongly encouraged to designate the appropriate project point of contact at the time of voting.
- 10. Projects Overfunded During Voting** Excess funds voted to a project (received more than 100% of the required funds) after any voting round has closed (except the final voting round – see rule #12. Projects Overfunded After Voting) will be returned to member companies in the same proportion as they were voted for voting in subsequent rounds. First, supplemental funds will be returned to members pro-rata. If after returning all supplemental funds the project remains over 100% funded, the subscription funds will be returned to members pro-rata.
- 11. Removal of Fully Funded Projects from the Ballot** Projects that have received at least 100% of the required funds after any voting round has closed will be removed from the ballot to begin the execution phase. A voting member may not retract his or her company's funds from those projects unless a voting member has received authorization from the Board.
- 12. Projects Overfunded After Voting** Some projects may become overfunded (received more than 100% of the required funds) after the final voting round has closed due to additional cofunding, other committed funds, or subsequent work scope changes that reduce the cost of the project. If the responsible Project Team cannot identify effective ways to utilize the excess funds in

connection with the *same* project, supplemental funds that are excess to a project after the voting concludes will be returned to the companies that voted funds to the project in the same proportion as they were voted. Subscription funds that are excess for the same reason will be transferred to the Flexibility Fund.

13. Removal of Underfunded Projects from the Ballot

At the conclusion of each voting round, PRCI staff will prepare summary reports ranking the projects by percentage of required funding received. The reports will list the companies that voted funds to each project, and otherwise depict the projects drawing the greatest interest.

PRCI will specially identify any projects that have received less than 50% of the required funds. Projects that have received less than 50% of the required funds at the *conclusion of the FIRST and SECOND round of voting* will be removed from the ballot from further voting, unless otherwise saved by a specific request by a Board member submitted to PRCI staff. Funds voted to those projects will be returned to the members.

Additionally, the summary reports will also specially identify projects that have received at least 90% of the required funds. Past experience has shown that projects with at least this level of funding are typically able to proceed without major adjustment. At the conclusion of the final round(s) of voting, the Board will establish the adequate cutoff percentage of required funds for projects to proceed to the execution phase.

14. Underfunded Projects

Projects that have achieved the adequate cutoff percentage established by the Board, or were otherwise approved by the Board, on the final ballot but still have not received 100% of the required funds will remain open for cofunding or supplemental funding to obtain the remaining amount. These projects may not proceed until fully funded or re-scoped by the Project Team to fit within the voted funding amount. Supplemental funds directed to underfunded projects that are not executed, will be returned to the funding member. Subscription funds will be transferred to the Flexibility Fund.

15. Unvoted Subscription Funds

At the conclusion of the final vote, all unvoted member subscription funds will be transferred to the Flexibility Fund.

16. PRCI Research Program

Includes PRCI projects only. Results of PRCI projects are available to all PRCI members under the terms of their subscription agreements.

17. Other Projects

Results are only available to funding members, unless otherwise determined by such members.

18. Invoices

Members will be invoiced for their total annual subscription funds, as agreed to in the member subscription agreements; and for supplemental funds, as voted on the final ballot. If a pipeline operating company member increases its mileage declaration after voting for the ballot has been completed and wishes to apply the increased mileage to their subscription, the difference between the voted subscription amount and the revised subscription amount will be transferred to the Flexibility Fund.

Pipeline operating companies may not reduce their subscriptions based on a change in their mileage from the time of voting to the time of invoice. Any decreases in mileage declaration will be applied to the next program year.

19. Supplemental Funds Provided after the Final Voting

Supplemental funds provided after voting for the ballot has been completed will be subject to the assessment of Project Costs.

20. Members Joining after Final Ballot

New pipeline operating company members joining after voting for the ballot has been completed may allocate Seventy-five percent (75%) of their annual subscription to underfunded projects subject to the assessment of Project Costs. Ten percent (10%) of their annual subscription is withheld from voting to support annual PRCI G&A expenses. Fifteen percent (15%) of their annual subscription is withheld from voting which is transferred to the Flexibility Fund.

New Associate Members or TPAM members joining after voting for the ballot has been completed may allocate their annual subscriptions to underfunded projects per voting rules #3, #4, and #6 above.

If any new member does not wish to allocate their eligible subscription dollars, this amount will be transferred to the Flexibility Fund.

All new members joining after voting for the ballot has been completed must provide in writing, or electronically, both their subscription dollar allocation to projects and their designation of Project Team Members as stated in #9 above.