

Bill No. 3 of 1949 (2nd Session).

A BILL TO AMEND THE PUBLIC UTILITIES ACT.

NOTE.

This Bill amends *The Public Utilities Act*, being chapter 28 of the Revised Statutes of Alberta, 1942.

The purpose of the amendments to this Act is to incorporate in it certain provisions which at present appear in *The Natural Gas Utilities Act* and in *The Pipe Line Regulation Act*, both of which Acts are being repealed.

Section 2 is struck out and a new section is substituted. Several of the terms defined in *The Natural Gas Utilities Act* and in *The Pipe Line Regulation Act* now have to be defined in this Act. The interpretation section of this Act is accordingly amended by addition of the following terms: "absorption plant", "gas", "gas pipe line", "oil", "oil pipe line" and "scrubbing plant". The definition of the term "public utility" has been amended to include certain things such as gas pipe line, scrubbing plant, etc., which were declared to be public utilities by *The Natural Gas Utilities Act*.

Section 28 is amended by striking out subsection (2) and by substituting two new subsections. The effect of this addition is that if a witness refuses to comply with a notice to attend before the Board, a Supreme Court judge, on the application of the Board, may issue a bench warrant for the witness. In the case of the refusal of a witness to give evidence or answer questions before the Board, a Supreme Court judge, on the application of the Board, may commit the witness for contempt.

Section 52 is amended by the addition of a new subsection (3). The effect of this subsection is that the transportation, delivery, furnishing or supplying of propane by tank car, tank wagon, cylinder or vessel, is not a public utility within the meaning of this Act and Part II of the Act does not apply to it.

Section 66 (e) is amended for purposes of clarification. The term "gas" is now defined in the Act and accordingly much of paragraph (e) can be struck out without in any way changing its meaning or effect.

Five new sections are added immediately after section 70, the new sections being numbered 70a to 70e inclusive.

The first four of the new sections 70a to 70d inclusive, presently appear in *The Natural Gas Utilities Act* as sections 72, 72a, 72b and 72c. These provisions relate to the field

pricing of natural gas and the powers in this connection are being transferred from The Natural Gas Utilities Board to the Public Utilities Board and *The Natural Gas Utilities Act* is being repealed.

The new section 70e presently appears in *The Pipe Line Regulation Act* as section 5. This section relates to the fixing of pipe line charges for pipe lines which have been declared to be public utilities. The section is being re-enacted in this Act as *The Pipe Line Regulation Act* is being repealed.

KENNETH A. MCKENZIE,
Acting Legislative Counsel.

(This note does not form any part of the Bill but is offered in explanation of its provisions.)

BILL

No. 3 of 1949 (2nd Session).

An Act to amend The Public Utilities Act.

(Assented to _____, 1949.)

HIS MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Alberta, enacts as follows:

1. *The Public Utilities Act*, being chapter 28 of the Revised Statutes of Alberta, 1942, is hereby amended by striking out section 2 and by substituting the following:

“2. In this Act, unless the context otherwise requires,—

“(a) ‘absorption plant’ means any plant for treating or processing gas by absorption or otherwise for the extraction therefrom of natural gasoline or other hydrocarbons;

“(b) ‘Board’ means the Board of Public Utility Commissioners appointed or continued under the provisions of this Act;

“(c) ‘court of appeal’ means the Appellate Division of the Supreme Court of Alberta;

“(d) ‘charter’ means any special or general legislative Act of the Province or Ordinance of the North-West Territories by or by virtue of which a corporation or company is incorporated, and the certificate of incorporation or other document issued by virtue of any such Act or Ordinance, or granting powers to a corporation or company;

“(e) ‘gas’ means all natural gas both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and includes all other fluid hydrocarbons not defined as oil;

“(f) ‘gas pipe line’ means any pipe or any system or arrangement of pipes wholly within the Province whereby gas is conveyed from any well-head or other place at which it is produced to any other place, or from any place where it is stored, processed or treated to any other place and includes all property of any kind used for the purpose of, or in connection with, or incidental to the operation of a gas pipe line in the gathering, transporting, handling and delivery of gas, and without restricting the generality of the foregoing, includes tanks, surface reservoirs, pumps, racks, storage and loading facilities, compressors, compressor stations, pressure measuring

and controlling equipment and fixtures, flow controlling and measuring equipment and fixtures, metering equipment and fixtures, and heating, cooling and dehydrating equipment and fixtures, but does not include any pipe or any system or arrangement of pipes which constitutes a distribution system for the distribution of gas to ultimate consumers;

- “(g) ‘local authority’ means the council of any city, town, village or municipal district, the divisional board of a school division, the board of trustees of a school district not being a school district included in a school division, the board of trustees of a municipal hospital district and the board of trustees of an irrigation district or a drainage district;
- “(h) ‘Minister’ means the Minister of Municipal Affairs;
- “(i) ‘municipality’ means any city, town, village or municipal district;
- “(j) ‘oil’ means crude petroleum oil and all other hydrocarbons regardless of gravity which are or can be recovered from a pool in liquid form by ordinary production methods;
- “(k) ‘oil pipe line’ means any pipe or any system or arrangement of pipes wholly within the Province whereby oil is conveyed from any place at which it is produced to any other place, or from any place where it is stored, processed or treated to any other place, and includes all property of any kind used for the purpose of, or in connection with, or incidentally to, the operation of a pipe line in the gathering, transporting, handling and delivery of oil and includes tanks, reservoirs, pumps, racks and storage and loading facilities incidental to delivery;
- “(l) ‘proprietor of public utility’ or ‘proprietor’ means every corporation other than a municipal corporation which has not voluntarily come under this Act in the manner hereinafter provided, and every firm, person or association of persons, the business and operations whereof are subject to the legislative authority of this Province, and their lessees, trustees, liquidators, or receivers appointed by any court which owns, operates, manages or controls any public utility;
- “(m) ‘public utility means,—
 - “(i) any system, works, plant, equipment or service for the conveyance of telegraph or telephone messages ;
 - “(ii) any system, works, plant, equipment or service for the conveyance of travellers or goods over a railway, street railway or tramway ;
 - “(iii) any system, works, plant, equipment or service for the production, transmission, delivery or furnishing of water, heat, light or power, either directly or indirectly, to or for the public ;

- “(iv) any gas pipe line;
- “(v) any oil pipe line declared by The Petroleum and Natural Gas Conservation Board to be a common carrier;
- “(vi) any system, works, plant, equipment or service for the production, gathering, conveying, transmission, transporting, delivery, furnishing or supplying of gas by retail or wholesale, either directly or indirectly, to or for the public or any member of the public;
- “(vii) any scrubbing plant;
- “(viii) any system, well, works, plant, equipment or service for the production of gas or capable of producing gas declared by The Petroleum and Natural Gas Conservation Board to be a public utility;
- “(ix) any plant, premises, equipment, service or organization for the production, processing, handling, bottling, distribution, supply, delivery, keeping for sale or the sale of milk, including products thereof, in a liquid form;
- “(n) ‘registered plan’ means a plan of subdivision, duly registered in a land titles office;
- “(o) ‘scrubbing plant’ means any plant for the purifying, scrubbing or otherwise treating, of gas for the extraction or removal therefrom of hydrogen sulphide or other deleterious substance;
- “(p) ‘urban municipality’ means a city, town, or village.”.

2. The said Act is further amended as to section 28 by striking out subsection (2) and by substituting the following:

“(2) In case of failure or refusal on the part of any person to comply with a notice to attend, issued by the Board, a judge of the Supreme Court of Alberta, on the application of the Board, may issue a bench warrant requiring the attendance of the witness before the Board.

“(3) In the case of the refusal of a witness to give evidence or answer as to any matter regarding which he is questioned before the Board, a judge of the Supreme Court of Alberta, on the application of the Board, may commit the witness for contempt of the Board and shall have the same power of committal in respect of such contempt as he has in respect of contempts of the Supreme Court.”.

3. The said Act is further amended as to section 52 by adding immediately after subsection (2) the following new subsection:

“(3) This Part shall not apply to the transportation, delivery, furnishing or supplying, by retail or wholesale, either directly or indirectly, of liquefied petroleum gas by means of tank car, tank wagon, cylinder or vessel, and such transportation, delivery, furnishing or supplying shall not be deemed to be a public utility within the meaning of this Act.”.

4. The said Act is further amended as to section 66 by striking out paragraph (e) and by substituting the following:

“(e) to require every proprietor of a public utility to supply and deliver gas to such persons and for such purposes, and at such rates, prices and charges, and upon such terms and conditions as the Board from time to time directs, fixes or imposes.”.

5. The said Act is further amended by adding immediately after section 70 the following new headings and sections:

“Field Pricing of Gas.

“70a.—(1) Notwithstanding the terms of any contract, the Board may, and by order of the Lieutenant Governor in Council shall, fix and determine,—

“(a) the just and reasonable price or prices to be paid for gas in its natural state as and when produced from the earth at the gas exit, from the separator where a separator is employed, and in all other cases from the well-head either alone or in association or conjunction with other petroleum products or hydrocarbons, and before such gas has been delivered into any gas pipe line, and before such gas has been subjected to treating or processing by absorption or otherwise for the extraction therefrom of natural gasoline or other hydrocarbons and before such gas has been purified, scrubbed or otherwise treated for the extraction or removal therefrom of hydrogen sulphide or other deleterious substance, and also the price or prices of gas at any point on the gas pipe line or lines connecting the well-head or at the gas exit from the separator, as the case may be, with any absorption plant or scrubbing plant;

“Provided however, that the price or prices fixed pursuant to any of the provisions of this paragraph shall not include any price or value of any component part of the gas to be extracted therefrom and sold before delivery of the gas to a public utility for distribution to the ultimate consumer;

“(b) the just and reasonable price or prices to be paid for gas that has been gathered and delivered to an absorption plant, and after it has been subjected to treating or processing by absorption or otherwise, for the extraction therefrom of natural gasoline or other hydrocarbons;

“(c) the just and reasonable price or prices to be paid for gas after it has been purified, scrubbed or otherwise treated, for the extraction or removal therefrom of hydrogen sulphide or other deleterious substance, including the price to be paid for such purified gas by a proprietor of a public utility purchasing the same for distribution to the ultimate consumer or otherwise;

- “(d) the just and reasonable price or prices to be paid for gas that, by the terms of an order made by The Petroleum and Natural Gas Conservation Board, is required to be returned to the underground formation for storage;
- “(e) the just and reasonable price or prices to be paid to the owner thereof for gas that, by order of The Petroleum and Natural Gas Conservation Board, has been retained in the underground formation;
- “(f) the just and reasonable price or prices to be paid for all commodities and services that, pursuant to the provisions of *The Oil and Gas Resources Conservation Act*, are required to be fixed by the Board.

“(2) Notwithstanding any of the other provisions of this Act in fixing and determining the just and reasonable price or prices as provided for in paragraphs (a) and (b) of subsection (1), the Board shall not be required or compelled to fix or determine the price or prices for, in respect of, or on the basis of, any individual well or wells, or on the value or cost thereof, or the investment therein, or a rate of return thereon, but may instead fix and determine such price or prices as shall be applicable generally to all wells in a field, or may fix and determine different prices paid for gas produced from any classifications or groups, and in the fixing and determining of such price or prices the Board may adopt any just and reasonable basis or method of arriving at or computing such price or prices that the Board deems to be applicable or proper having regard to all circumstances and factors involved.

“(3) Notwithstanding the terms of any contract between the owner or producer of gas, and the operator of any absorption plant, the Board may, by order, fix and determine the proportion of the price received by the operator of such plant to be paid by him to such owner or producer for the gasoline or other hydrocarbon content of such gas, or if such gasoline or other hydrocarbon content is retained by such operator, the equivalent of the proportion of such price.

“(4) For the purpose of carrying out the provisions of this section, the Board, in addition to any other powers conferred by this Act or any other Act, may require and compel the attendance of the proprietor or any officer, agent, or servant of the proprietor of any absorption plant and compel the production of documents related in any manner to the operation of any such plant, and, with regard to the attendance of such persons and the production of such documents, the Board shall have all the powers, rights and privileges that are vested in the Supreme Court of Alberta.

“70b.—(1) In lieu of making an order under subsection (3) of section 70a the Board, with the approval of the Lieutenant Governor in Council, may designate any area of land in the Province from which gas is produced, and may permit the operator of an absorption plant to enter into a contract with any owner or producer of gas produced from the designated area fixing the price to be paid by the operator to the owner or producer for the gas.

“(2) Any such contract may be for a fixed period and shall have no force or effect until it is approved by the Board.

“(3) The operator shall enter into similar contracts with each owner or producer of gas within the designated area if,—

“(a) the owner or producer is willing to enter into a contract with the operator; and

“(b) in the opinion of the Board, the gas belonging to the owner or producer can be processed economically by the operator.

“70c.—(1) Any such contract approved by the Board pursuant to section 70b shall not be changed or varied by the Board except and only in so far as the change or variation is mutually agreed upon by the parties to the contract and is approved by the Board.

“(2) If any contract is changed or varied pursuant to subsection (1), the operator shall make a similar change or variation in any similar contract entered into with each owner or producer of gas within the designated area if the owner or producer requests that the change or variation be made, and if it is approved by the Board.

“70d. In the event that the operator of an absorption plant is unable to process all the gas produced in a designated area by the owners or operators with whom he is required to enter into contracts by subsection (4) of section 70b, the operator shall purchase the gas from each owner and producer having a contract approved by the Board on a *pro rata* basis in the proportion that his production bears to the total production in the designated area.

“Pipe Line Charges

“70e.—(1) The Board, after notice to and hearing of the parties interested, may fix the just and reasonable rates, tolls and charges for the gathering, transporting, distributing, handling and delivery of oil or gas or any specified kind thereof by means of any gas pipe line or any oil pipe line which is or is declared by The Petroleum and Natural Gas Conservation Board to be a common carrier, or for any service performed by the proprietor of such gas pipe line or oil pipe line in relation to the gathering, transporting, distribution, handling or delivery of any such oil or gas.

“(2) In any case where the Lieutenant Governor in Council has caused an inquiry to be held under *The Public Inquiries Act* and the subject matter of that inquiry has included an inquiry into the operation of any gas pipe line, or oil pipe line, or any matter pertaining thereto, and the commissioner or commissioners appointed to make the inquiry, by any report made at any time, whether in the course of the inquiry or at the close thereof, recommend that any rate or rates be fixed for the gathering, transporting, distributing, handling or delivery of oil or gas or any specified kind or kinds thereof by means of any gas pipe line or oil pipe line, or for any service performed by the proprietor of any gas

pipe line or oil pipe line in relation to the gathering, transporting, distributing, handling or delivery of any oil or gas, then, and in every such case, upon any such rate or rates being approved by order of the Lieutenant Governor in Council, the Board is authorized and directed to make an order without any inquiry, fixing the rates for the gathering, transporting, distributing, handling or delivery of oil or gas, or any specified kind thereof, by means of the gas pipe line or oil pipe line to which the report relates, at the rate or rates recommended by the report.

6. This Act shall come into force on the day upon which it is assented to.

SECOND SESSION
ELEVENTH LEGISLATURE
13 GEORGE VI
1949

BILL

An Act to amend The Public Utilities
Act.

Received and read the

First time

Second time

Third time

HON. MR. TANNER.
