

Bill No. 96 of 1954

A BILL TO INCORPORATE A GAS TRUNK PIPE LINE
COMPANY TO GATHER AND TRANSMIT GAS
WITHIN THE PROVINCE

NOTE

This Bill enacts a new Act to be known as "*The Alberta Gas Trunk Pipe Line Company Act*".

The Bill provides that the Lieutenant Governor in Council designate not more than seven persons who will constitute the provisional directors and who together with shareholders will constitute the Alberta Gas Trunk Pipe Line Company.

The capital stock of the new company will consist of Class "A" and Class "B" common shares totalling eight million two thousand and two shares with a par value of five dollars. Voting rights are attached only to the two thousand and two Class "A" common shares from amongst the holders of whom the directors of the company will be selected.

The Class "A" common shares are divided into four Groups and are for allotment only to persons who qualify to hold shares of a Group. Group I shares are for allotment to gas utility companies, Group II to gas export companies, Group III to gas producers and processors, while Group IV is reserved for allotment to those persons who will be appointed later to the Board of Directors of the company by the Lieutenant Governor in Council.

Strict control of the disposition of Class "A" common shares is provided by the Act, and except in certain limited cases, if the business in respect of which any Group of the Class "A" shares were issued changes, the Class "A" common shares are to revert to the company for re-allotment to qualified persons. The Class "A" shares will have no speculative value on reversion or re-allotment thereafter.

No holder of a Class "A" common share can hold shares of more than one Group thereof and only holders of such shares vote in respect of the affairs of the company.

These Class "A" shares will be allotted in accordance with a formula by the Board of Directors. The formula is calculated to ensure the equitable distribution of such shares among the main gas interests in the Province on the basis of their investments in Alberta.

The powers of the company are restricted inasmuch as they are to be exercised only within Alberta and are

subject to the orders of the Petroleum and Natural Gas Conservation Board and to the general legislation of the Province.

Certain Acts of the Province are expressly made applicable to the company and power is given the Lieutenant Governor in Council to suspend such application in the event of difficulty arising as a result of application of those other Acts to the company and its operations.

The directors will be chosen on the basis of one director representing the gas utility Group of Class "A" common shareholders, one representing the gas exporting Group of Class "A" common shareholders, and three representing the larger class of the gas producers and gas processors Group of Class "A" common shareholders. Two directors will be appointed by the Lieutenant Governor in Council to represent the Alberta public at large.

Members of the Government and members of the public service of Alberta are not to be designated or appointed as directors.

The Board of Directors will administer the affairs and business of the company and by their by-laws provide for all other matters and things requisite and proper for the carrying on of the business and objects of the company.

The provisional directors will carry on the company until the permanent directors are elected.

This Bill comes into force upon assent.

J. W. RYAN,
Acting Legislative Counsel.

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

BILL

No. 96 of 1954

An Act to Incorporate a Gas Trunk Pipe Line Company to
Gather and Transmit Gas Within the Province

(Assented to _____, 1954)

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

Short Title

1. This Act may be cited as "*The Alberta Gas Trunk Line Company Act*".

Interpretation

2. In this Act, unless the context otherwise requires,
- (a) "Board" means the Board of Directors of the company; Interpre-
tation
"Board"
 - (b) "company" means The Alberta Gas Trunk Line Company incorporated under this Act; "company"
 - (c) "gas"
 - (i) means all natural gas both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and "gas"
 - (ii) includes all fluid hydrocarbons other than hydrocarbons that can be recovered from a pool in liquid form by ordinary production methods;
 - (d) "gas export company" means any company that holds a provincial permit for the removal of gas from Alberta; "gas export
company"
 - (e) "gas processor" means a company, firm, association, group or individual owning and operating a gas processing plant within the Province; "gas
processor"
 - (f) "gas producer" means a company, firm, association, group or individual having a property interest in a properly completed well capable of producing gas or oil within the Province and having the right to dispose of the production of the well; "gas
producer"
 - (g) "Petroleum and Natural Gas Conservation Board" means that Board as constituted and established under *The Oil and Gas Resources Conservation Act, 1950*; "Petroleum
and Natural
Gas Con-
servation
Board"

"utility
company"

- (h) "utility company" means any company that operates any system, works, plant, equipment or service for the transporting, delivery, furnishing, or supplying of gas by retail or wholesale, either directly or indirectly, to or for the public of Alberta, and that is a proprietor of a public utility as defined under *The Public Utilities Act*.

Provisional Board of Directors

Incorpor-
ation

3. (1) The Lieutenant Governor in Council shall designate not more than seven persons who together with the persons who become shareholders in the company are hereby incorporated under the name of "The Alberta Gas Trunk Line Company Limited".

(2) The persons designated by the Lieutenant Governor in Council shall be the provisional Board of Directors of the company.

(3) If a provisional director resigns, dies or becomes incapable of fulfilling his duties, the Lieutenant Governor may designate a person to replace such director on the provisional Board of Directors.

(4) No member of the Government of Alberta and no member of the public service of Alberta shall be designated as a member of the provisional Board of Directors of the company.

Offices

Head office

4. (1) The head office of the company shall be at the City of Calgary in the Province of Alberta.

Other offices

(2) The company may establish such other offices and agencies elsewhere in the Province as it deems expedient.

Capitalization

Capital
stock

5. The capital stock of the company shall consist of
- (a) two thousand and two Class "A" common shares of the par value of five dollars with voting rights attached to the shares, and
 - (b) eight million Class "B" common shares of the par value of five dollars with no voting rights attached to the shares.

Allotment of
Class "A"
common
shares

6. (1) The Class "A" common shares shall be divided into
- (a) two hundred Class "A" Common Group I,
 - (b) fifty Class "A" Common Group II,
 - (c) seventeen hundred and fifty Class "A" Common Group III, and
 - (d) two only Class "A" Common Group IV.

(2) The Class "A" common shares shall be allotted only to the persons qualified under sections 7 to 11 to hold Class "A" common shares.

7. (1) Class "A" Common Group I shares shall be allotted only to utility companies. Eligibility
for
allotment
of shares

(2) Class "A" Common Group II shares shall be allotted only to gas export companies.

(3) Class "A" Common Group III shares shall be allotted only to gas producers or processors.

(4) The two Class "A" Common Group IV shares shall be allotted only to the directors appointed by the Lieutenant Governor in Council to the Board of Directors of the company.

8. Subject to section 9, the Class "A" Common shares of the company are non-transferable except where otherwise provided by a by-law of the company made pursuant to subsection (2) of section 27. Transfer
of shares

9. (1) If the holder of a Class "A" common share ceases Voting
rights

- (a) in the case of a holder of a Class "A" Common Group I share to be a utility company, or
- (b) in the case of a holder of a Class "A" Common Group II share to be a gas export company, or
- (c) in the case of a holder of a Class "A" Common Group III share to be a gas producer or processor, or
- (d) in the case of a holder of a Class "A" Common Group IV share to be a director,

the holder loses every right to vote the Class "A" common share.

(2) Except where otherwise provided by a by-law of the company made pursuant to subsection (2) of section 27, when the right to vote a Class "A" common share is lost

- (a) the ownership of the share and all rights thereunder revert to the company, and
- (b) the company by notice in writing may require the holder to surrender the Class "A" common share, and
- (c) upon receipt of the notice from the company, the holder shall surrender the Class "A" common share to the company with a properly executed transfer in favour of the company.

(3) The company shall hold any Class "A" common shares reverting to it under this section for re-allotment at par value to any person qualified to acquire such share. Re-
allotment

(4) When a Class "A" common share is surrendered to the company pursuant to this section, the company shall pay the par value of that share to the person entitled to the same.

(5) Notwithstanding subsections (3) and (4), where the share reverting to the company is a Class "A" Common Group IV share, the company

- (a) shall not make any payment in respect of that share, and
- (b) shall hold the share for allotment without payment to the director appointed by the Lieutenant Governor in Council to succeed the previous holder of that share as a member of the Board.

Construc-
tion of Act

10. Nothing in this Act shall be construed so as to permit any company, firm, association, group or individual to hold or control Class "A" common shares of more than one Group.

Allotment of Shares

Application
for allotment
of shares

11. (1) Applications for an allotment of Class "A" common shares shall be made to the Board.

(2) The Board shall determine whether an applicant for Class "A" common shares is qualified under the requirements of this Act to hold any shares of Groups I to III respectively and may approve an application for one or more shares in accordance with this section.

(3) In determining the number of Class "A" common shares of Groups I, II or III which may be allotted to an applicant, the Board shall have regard, *inter alia*, to the following considerations

- (a) if the applicant is a utility company the Board shall have regard to
 - (i) the amount of capital invested in the utility company,
 - (ii) the extent of the gas pipe line system operated by the utility company in the Province,
 - (iii) the size and number of the communities in the Province served with gas by the utility company, and
 - (iv) the quantity of gas annually sold in the Province by the utility company,
 - (v) the use to be made of the company's facilities by the utility company,
 - (b) if the applicant is a gas export company, the Board shall have regard to
 - (i) the amount of capital invested in the gas export company,
 - (ii) the extent of the gas pipe line system operated by the gas export company,
 - (iii) the quantity of gas to be taken from the Province by the gas export company, and
 - (iv) the use to be made of the company's facilities by the gas export company,
- and

- (c) if the applicant is a gas producer or a gas processor, the Board shall have regard to
 - (i) the amount of capital invested in the business of producing or processing gas within the Province by the gas producer or processor,
 - (ii) the quantity of Alberta gas that the producer or processor is capable of producing or processing annually,
 - (iii) the gas reserves of a producer within the Province,
 - (iv) the total acreage within the Province held by the producer in known gas fields, and
 - (v) the amount of development work done or undertaken by the producer within the Province.
- (4) As a condition of allotment of Class "A" common shares, the Board may require that the applicant purchase ^{Condition of allotment}
 - (a) such number of Class "B" common shares of the company, and
 - (b) at such price, not being more than the market value at the time of the subscription or less than the par value,
 as the Board by by-law may determine.

12. (1) A person appointed to the Board by the Lieutenant Governor in Council under section 19 may acquire one Class "A" Common Group IV share of the company. ^{Shares held by appointed directors}

(2) The Lieutenant Governor in Council may authorize the Provincial Treasurer to pay for the acquisition by the appointed directors of two Class "A" Common Group IV shares of the company.

(3) The two Class "A" Common Group IV shares shall be purchased in the names of the two directors first appointed to the Board by the Lieutenant Governor in Council.

(4) Her Majesty acquires no beneficial or other interest to the Class "A" Common Group IV shares acquired by the appointed directors and paid for under this section.

(5) The two shares so acquired shall only be transferred in the manner and for the purpose set out in section 9.

Powers and Restrictions

13. (1) Subject to the provisions of any general legislation enacted by the Legislative Assembly, the company within the Province only may ^{Powers}

- (a) act as a common carrier of gas,
- (b) act as a common purchaser of gas from any pool in the Province,
- (c) construct gas pipe lines for the transmission of gas, re-arrange gas pipe lines, install compressor and all other equipment required for, and perform

all further acts and things for the purpose of conserving, gathering and transporting gas,

- (d) develop, purchase, lease or otherwise acquire, hold, operate or maintain and control gas storage fields and the necessary facilities for their operation,
- (e) construct, purchase, lease or otherwise acquire and hold, develop, operate, maintain, control, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account any and all pipe lines, gas storage fields and appurtenances relative thereto for gathering, processing, transmitting, transporting, storing and delivering gas and other gaseous hydrocarbons,
- (f) purchase, acquire, process, transmit, transport, distribute and sell or otherwise acquire and dispose of gas,
- (g) own, lease, operate and maintain inter-station telephone, radio, teletype and telegraph communication systems and to operate and maintain inter-station communication facilities,
- (h) purify, scrub or otherwise treat for the removal therefrom of hydrogen sulphide or other substances from that portion of the gas required for the market,
- (i) exercise all or any of the powers defined in subsection (1) of section 19 of *The Companies Act*.

Powers
subject to
The Oil and
Gas Re-
sources
Conservation
Act, 1950

(2) In the exercise of the powers set out in subsection (1), the company is subject to any order of the Petroleum and Natural Gas Conservation Board made pursuant to any Act under which that Board has jurisdiction to make orders.

Scope of
company

14. The objects and powers of the company do not authorize and shall not be interpreted to authorize the purchase, acquisition, construction, operation or control by the company of any works or undertakings situate outside the Province of Alberta.

Contracts

15. (1) Notwithstanding the provisions of section 13, the company shall not enter into any contract, agreement or arrangement with a gas export company whereby the gas export company gains or might gain any control over the affairs, functions, operations, management or business of the company or its trunk lines or pipe lines.

(2) Any contract that the company enters into in contravention of subsection (1) is void.

Application
of other Acts

16. (1) Subject to subsection (3) and except where inconsistent with this Act, the provisions of

- (a) *The Oil and Gas Resources Conservation Act, 1950,*
- (b) *The Public Utilities Act,*
- (c) *The Pipe Line Act, 1952,*
- (d) *The Securities Act,* and
- (e) *The Gas Resources Preservation Act,*

with whatever changes are necessary are applicable to the company incorporated by this Act.

(2) The Lieutenant Governor in Council may declare that the application of an Act mentioned in subsection (1) or any part or provision thereof to the company is suspended for an indefinite period or for a fixed period.

(3) When a suspending order is made under this section the Act, the part or provision thereof declared suspended in its application to the company shall be deemed not to apply from a date which shall be specified in the suspending order.

(4) A suspending order may be amended, substituted or rescinded at any time and from time to time by the Lieutenant Governor in Council.

Board of Directors

17. (1) The business of the company shall be administered by the Board. Board of Directors

(2) The Board may exercise all the powers of the company.

18. (1) The Board shall consist of five elected directors and two appointed directors. Composition of Board

(2) No person shall be elected or appointed to the Board unless

- (a) he is a Canadian citizen domiciled in Alberta, and
- (b) he has been a resident of the Province for at least one year.

(3) No member of the Government of Alberta and no member of the public service of Alberta shall be appointed to the Board.

19. (1) Subject to section 20, the shareholders who hold Class "A" common shares in the company and who are otherwise qualified to vote shall elect five directors to the Board. Election of Board

(2) The Lieutenant Governor in Council shall appoint two directors to the Board.

20. In electing the directors of the company Method of election

- (a) shareholders holding Class "A" Common Group I shares may elect one director to the Board,
- (b) shareholders holding Class "A" Common Group II shares may elect one director to the Board,
- (c) shareholders holding Class "A" Common Group III shares may elect three directors to the Board.

21. (1) No person shall vote a Class "A" common share at any election of directors or at any special election of a director pursuant to section 25 unless he has established his Affidavit re voting right

right to vote a Class "A" common share for a director representing the Group of Class "A" common share that he holds by an affidavit filed with the secretary-treasurer of the company within the month immediately preceding the election.

(2) If a shareholder fails to comply with subsection (1) any vote cast by that shareholder is void.

(3) If a dispute arises as to the qualification of any Class "A" common shareholder to vote his share, the dispute shall be referred to the Board of Public Utility Commissioners whose decision thereupon is final.

Company
directors
elected at
first annual
meeting

22. (1) The election of the directors of the company shall be held at the first annual meeting of the company.

(2) When the directors have been elected to the Board the provisional directors cease to hold office.

(3) The directors elected to the Board shall retire at each annual meeting but may be re-elected by the Group Class "A" common shareholders whom they represent.

Notice of
elected
directors

23. (1) Immediately after the first election of directors the company shall send a notice in writing to the Clerk of the Executive Council setting out the names of the elected directors.

(2) Upon receipt of the notice the Lieutenant Governor in Council shall appoint the two directors to be appointed by him pursuant to section 19.

Term of
office

(3) The appointed directors may hold office during the pleasure of the Lieutenant Governor in Council.

President

24. (1) The Board shall elect one of the directors to be president of the company.

Chairman

(2) The Board may elect one of the directors to be chairman of the Board.

Vice-
president

(3) The Board may elect one or more vice-presidents from the members of the Board.

Quorum

(4) A majority of the Board constitutes a quorum for the transaction of the business of the company.

Board
vacancies

25. (1) Vacancies occurring on the Board shall be filled

(a) by the Lieutenant Governor in Council where the vacancy occurs among the directors that are appointed,

(b) by the directors appointing to the Board

(i) one of the holders of, or

(ii) one of the duly authorized representatives of the holders of

Class "A" common shares of the Group whose representation on the Board is decreased by the vacancy.

(2) Special elections shall be held in such manner and at such time and place as may be provided by a by-law of the company. ^{General manager}

26. (1) The Board shall appoint a general manager who shall be the chief executive officer of the company and who shall exercise such powers and perform such duties as the Board from time to time directs. ^{Secretary-treasurer}

(2) The Board shall appoint a secretary-treasurer or a secretary and a treasurer and may retain the services of professional and clerical assistants in carrying out the business of the company.

Powers and Duties of Board

27. (1) The Board may make by-laws relating to such matters or things as are requisite or proper or as appear to the Board to be requisite or proper for the conduct or regulation of any of the business or affairs of the company and, without limiting the generality of the foregoing may make by-laws relating to ^{By-laws}

- (a) the appointment, functions, duties and removal of all officers, employees, agents or servants of the company and the remuneration they are to receive,
- (b) the time and place for the holding of the annual general meeting of the company, the calling of regular and special meetings of the Board of Directors, and the procedure in all things at general meetings and Board meetings,
- (c) the declaration and payment of dividends to shareholders,
- (d) the conduct of the business of the company,
- (e) the disposition of all moneys received in respect of the business of the company, the institutions in which the moneys are to be deposited, the manner in which the accounts for such deposits are to be kept and managed, and the manner in which withdrawals are to be made from such accounts,
- (f) the establishment of reserve funds and the control, management and disposition of the funds and the purposes for which payments are to be made out of the reserve funds,
- (g) the management and administration of the company's property,
- (h) the investments of the company, and
- (i) the remuneration to be paid the directors and provisional directors of the company.

(2) The Board by by-law may authorize the transfer of Class "A" common shares upon

- (a) an amalgamation of companies when a Class "A" common share is held by one or both of the amalgamating companies,

- (b) upon the transfer of assets of one person to another when the transferor is the holder of a Class "A" common share,

subject to such terms and conditions and after the making of such enquiries and investigations as might be necessary to ensure that no person obtains Class "A" common shares of a Group to which he is not entitled or obtains such shares of more than one Group.

(3) Notwithstanding clause (a) of subsection (1) or section 26, the Board shall not appoint or elect any director, officer, employee, agent or servant of a gas export company to any office in the company.

Right to
vote

28. The holders of Class "A" common shares are the only shareholders entitled to vote on any matters relating to the management, conduct or regulation of any of the business or affairs of the company.

Annual Meetings

First annual
meeting

29. The first annual meeting of the company shall be held prior to the thirty-first day of December, 1955, and an annual meeting shall be held within every twelve-month period thereafter.

Miscellaneous

Commence-
ment of
business,
etc.

30. (1) The company shall not

(a) allot any of its shares, or

(b) commence any business, or

(c) exercise any borrowing powers,

until it has complied with the provisions of *The Companies Act* and *The Securities Act* in respect of the qualification of its shares for public issue.

(2) Notwithstanding subsection (1) the provisional directors may raise the sum of fifty thousand dollars for organizational purposes and may expend the same for such purpose without filing a prospectus or a statement in lieu thereof.

Power of
provisional
Board of
Directors

31. While the provisional Board of Directors holds office it has and may exercise all the powers and duties of the Board under this Act.

Coming into
force

32. This Act comes into force on the day upon which it is assented to.

No. 96

SECOND SESSION
TWELFTH LEGISLATURE

3 ELIZABETH II

1954

BILL

An Act to Incorporate a Gas Trunk
Pipe Line Company to Gather and
Transmit Gas Within the Province

Received and read the

First time

Second time.....

Third time.....

HON. MR. MANNING
