

1972 Bill 120

First
~~Second~~ Session, 17th Legislature, 21 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 120

The AGT - Edmonton Telephones Act

THE MINISTER OF TELEPHONES AND UTILITIES

First Reading

Second Reading

Third Reading

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THE AGT - EDMONTON TELEPHONES ACT

(Assented to _____, 1972)

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

1. In this Act,

- (a) "AGT" means The Alberta Government Telephones Commission;
- (b) "AGT's local exchange business" means the local exchange telephone business and assets associated therewith of AGT as they exist immediately prior to January 1, 1973 and located within the service area;
- (c) "City" means the City of Edmonton;
- (d) "service area" means the areas within the corporate boundaries of the City which are being provided with local exchange telephone service by AGT immediately prior to January 1, 1973.

2. (1) Subject to the provisions of this Act, upon the payment by the City of the sum of \$10,000,000 to AGT on or before December 28, 1972,

- (a) the property in AGT's local exchange business shall be deemed to be absolutely transferred to the City effective as of January 1, 1973;
- (b) the City is entitled, as of January 1, 1973, to take over and operate AGT's local exchange business;
- (c) the City is liable to pay to AGT a fair and reasonable compensation for AGT's local exchange business and for the costs reasonably incurred by AGT in connection with the transfer referred to in clause (a), the evaluation of AGT's local exchange business and any proceedings before an arbitration tribunal under section 3.

(2) For the purpose of determining the fair and reasonable compensation to be paid pursuant to subsection (1), clause (c), assets forming part of AGT's local exchange business shall be evaluated on the basis of reproduction cost new, less depreciation.

Explanatory Notes

General. This Bill will authorize the acquisition by the City of Edmonton of Alberta Government Telephones local exchange telephone business and assets within Edmonton as of December 31, 1972.

It also deals with the matters of toll revenues as between the City and AGT and compensation for the use by one of equipment supplied by the other: see sections 7 and 8.

1. Definitions.

2. The payment of \$10,000,000 by the City to AGT by December 28, 1972 will result in an automatic take-over by the City as of January 1, 1973.

(3) The sum of \$10,000,000 paid pursuant to subsection (1) shall be deemed to be paid on account of the compensation payable by the City under subsection (1).

3. (1) In the event that the City and AGT are unable to agree upon

(a) the compensation payable by the City under section 2, subsection (1), clause (c), or

(b) whether any particular assets formed part of AGT's local exchange business,

the matter shall be determined by an arbitration tribunal established under subsection (2).

(2) Where the Lieutenant Governor in Council is informed by AGT or the City that any matter referred to in subsection (1) is to be determined by an arbitration tribunal, the Lieutenant Governor in Council

(a) shall appoint one or more persons as an arbitration tribunal to determine the matter;

(b) shall, in the absence of agreement between AGT and the City, fix the rate of fees payable to the members of the arbitration tribunal for their services and the rates of remuneration payable to them for their reasonable travelling and living expenses incurred in the course of performing their duties;

(c) may authorize the payment of any other expenses reasonably incurred by the tribunal in the course of performing its duties;

(d) may provide for any matter relating to the proceedings before the arbitration tribunal and for that purpose may make any of the provisions of *The Arbitration Act* applicable to those proceedings.

(3) The Government shall provide such secretarial, clerical and other assistance and supplies as the arbitration tribunal may reasonably require for the purposes of performing its duties.

(4) The arbitration tribunal shall proceed to hear and determine any matters mentioned in subsection (1) that are referred to it by the City or AGT and its determination of any such matter is final and binding on both the City and AGT.

(5) The fees and expenses referred to in subsection (2), clauses (b) and (c) shall be paid from the General Revenue Fund in the absence of an appropriation therefor and upon payment AGT and the City are each liable to pay to the Government one-half of the amounts so paid.

4. (1) When the compensation payable by the City under section 2 is either agreed upon by the City and AGT or is

3. Referral of matters to arbitration tribunal.

4. Payment of balance of compensation.

finally determined by the arbitration tribunal pursuant to section 3, the City shall, subject to subsection (2) and to section 5, pay the balance of the compensation to AGT.

(2) Unless the City and AGT otherwise agree, the balance of the compensation shall

- (a) bear interest at the rate of $7\frac{1}{2}$ per cent per annum from January 1, 1973, and
- (b) be paid in equal payments of blended principal and interest on the first day of January in each year thereafter, with the last payment being payable on January 1, 1983.

(3) Nothing in this section or an agreement under this section precludes the City from paying all or any part of the balance of the compensation at a time earlier than that required under the agreement or this section, as the case may be.

5. (1) After the compensation payable by the City under section 2 is either agreed upon by the City and AGT or is finally determined by the arbitration tribunal, the City may give notice in accordance with subsection (2) that it does not desire to complete the acquisition of AGT's local exchange business and thereupon,

- (a) as of the first day of the month next following the month in which the notice is given, the property in the City's local exchange telephone business within the service area and assets associated therewith shall be deemed to be absolutely transferred to AGT;
- (b) AGT is entitled, as of that date, to take over and operate the local exchange telephone business and assets associated therewith referred to in clause (a);
- (c) AGT shall pay to the City the sum of \$10,000,000 on or before that date, and in the event of default shall pay interest on that sum at the rate of $7\frac{1}{2}$ per cent per annum computed from that date;
- (d) the City is not entitled to be paid any other compensation by AGT in respect of the transfer.

(2) The notice under subsection (1) shall be given by delivering it to the office of AGT's general manager within 90 days after

- (a) the date of execution of the agreement, where the compensation payable has been agreed to by the City and AGT, or
- (b) the date of the determination of the arbitration tribunal, where the compensation is determined by that tribunal.

5. Election by the City not to complete the acquisition of the business and assets.

(3) Where a notice is given by the City under this section, the City is entitled to all revenues earned by it during the period in which it operated AGT's local exchange business.

6. Sections 1 to 5 apply notwithstanding anything in *The Public Utilities Board Act*.

7. (1) AGT has no power to enter into any agreement or arrangement with the City whereby any part of AGT's toll revenues from telephone calls originating or terminating in Edmonton may be paid to the City.

(2) The City is not liable to pay to AGT any moneys as a contribution towards the costs of AGT's rural distribution system.

8. (1) AGT shall, at the request of the City, provide any additional equipment to AGT's system as the City may require and the City shall, at the request of AGT, provide any additional equipment to the City's telephone system as AGT may require.

(2) The person requesting the provision of additional equipment pursuant to subsection (1) shall pay to the person providing it reasonable compensation for the cost of that equipment, or, where the equipment's use is shared, for its proportionate share of the use of that equipment.

(3) In the absence of agreement between the City and AGT as to

(a) the compensation to be paid under subsection (2),
or

(b) the compensation to be paid for any additional equipment provided by AGT to the City or by the City to AGT prior to the commencement of this Act and in respect of which compensation is in dispute,

the Public Utilities Board shall, on the application of AGT or the City, determine the compensation, which shall be sufficient to recover the costs of the additional equipment over its estimated useful life plus a fair return on the investment, and the manner in which the compensation is to be paid.

(4) Part 1 of *The Public Utilities Board Act* applies to proceedings before the Public Utilities Board under subsection (3), notwithstanding anything in that Act.

9. Sections 7 and 8 apply whether or not there is a transfer of AGT's local exchange business pursuant to section 2 and whether or not the City gives a notice under section 5.

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

6. Non-application of The Public Utilities Board Act.

7. Prohibition on toll revenue arrangements and non-liability of City for contributions to the cost of AGT's rural distribution system.

8. Compensation for additional equipment provided by the City or AGT at the request of the other.

9. Sections 2 to 5 regarding the transfer and retransfer do not affect the operation of sections 7 and 8.