

1973 Bill 83

Second Session, 17th Legislature, 22 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 83

The Rural Gas Act

THE MINISTER OF TELEPHONES AND UTILITIES

First Reading

Second Reading

Third Reading

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THE RURAL GAS ACT

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BILL 83

1973

THE RURAL GAS ACT

(Assented to _____, 1973)

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

1. In this Act,

- (a) “allowable distribution system pressure” means the maximum pressure at which rural gas distribution systems may be operated as prescribed by the appropriate licences under *The Pipe Line Act* and by the regulations under *The Gas Protection Act*;
- (b) “Branch” means the Rural Utilities Branch of the Department;
- (c) “chief officer” means the chief officer of the Branch;
- (d) “Department” means the Department of Telephones and Utilities;
- (e) “distributor” means
 - (i) the owner of a gas utility to which *The Gas Utilities Act* applies, or
 - (ii) a member-owned co-operative association, or
 - (iii) a rural municipal authority, that owns or operates a rural gas utility;
- (f) “expansion line” means the addition to any part of a rural gas utility of a pipe line to provide gas service to a location that could have been but was not supplied with gas service from that part of the rural gas utility at the time that part was constructed;
- (g) “extension” means
 - (i) with reference to a rural gas utility that is the subject of a service area approval, the addition of a pipe line to the utility that would, prior to being constructed, require an enlargement to the service area for that purpose, or
 - (ii) with reference to a rural gas utility that is not the subject of a service area approval, the addi-

EXPLANATORY NOTES

General. This Bill will implement the program to provide gas service to rural areas of Alberta as outlined in Position Paper No. 11 entitled "Rural Gas Policy for Albertans" tabled in the Assembly on April 30, 1973 (Sessional Paper 553).

1. Definitions.

tion of a pipe line to the utility for the intended purpose of transmitting gas in order to provide a supply of gas to two or more consumers, whether more than one consumer has applied for gas service from that pipe line or not,

but does not include an expansion line;

- (h) “franchise area” means the area prescribed as the franchise areas in a franchise area approval;
- (i) “franchise area approval” means a franchise area approval granted under Part 2;
- (j) “gas source” means a point at which gas is supplied to a rural gas utility or an individual tap;
- (k) “individual tap” means a connection made into a pipe line transmitting gas in order to provide gas service to a rural consumer outside the service area of a rural gas utility;
- (l) “member-owned co-operative association” means a rural gas co-operative association that owns its rural gas utility;
- (m) “Minister” means the Minister of Telephones and Utilities;
- (n) “pipe line” includes any equipment, apparatus, mechanism, machinery or instrument incidental to the operation of a pipe line;
- (o) “point of economic conversion” means the amount established by the regulations as the point of economic conversion;
- (p) “rural gas co-operative association” means an association (as defined in *The Co-operative Associations Act*) having as its principal object the supplying of gas to its members;
- (q) “rural gas utility” means a system of pipe lines for the distribution and delivery of gas and which provides gas service wholly or primarily to rural consumers in Alberta;
- (r) “rural municipal authority” means
 - (i) the corporation of a municipal district or county, or
 - (ii) the Minister of Municipal Affairs, in the case of an improvement district or special area;
- (s) “service area” means the area prescribed as the service area in a service area approval;
- (t) “service area approval” means a service area approval granted under Part 2;
- (u) “utilities officer” means a utilities officer referred to in section 5, subsection (3).

2. Where any question arises as to whether or not

- (a) any gas utility is a rural gas utility to which this Act applies, or
 - (b) any specified pipe line is or will be part of a rural gas utility to which this Act applies, or
 - (c) any addition to a rural gas utility is an extension or an expansion line, or
 - (d) any connection with a pipe line transmitting gas is an individual tap to which this Act applies,
- the question shall be referred to the Minister whose decision thereon is final.

2. Determination of questions as to the applicability of the Act in certain cases.

PART 1

GENERAL

Rural Utilities Branch

3. (1) There shall be a branch of the Department called the “Rural Utilities Branch”.

(2) The Minister may delegate any of his powers or duties under this Act or the regulations to the chief officer or any other officer or employee of the Branch, except the power to make regulations.

Regulations

4. The Lieutenant Governor in Council may make regulations

- (a) defining any term or expression used in this Act and not otherwise defined in this Act;
- (b) governing applications for franchise area approvals and service area approvals and amendments thereto;
- (c) prescribing the economic and other criteria to be used in determining franchise areas and service areas;
- (d) prescribing the percentage of consumer participation within a franchise area that is required as a condition precedent to the issuing of a service area approval;
- (e) governing the revocation of franchise area approvals and service area approvals;
- (f) governing any appeals or applications to the Public Utilities Board pursuant to this Act;
- (g) governing reviews of franchise area approvals and service area approvals and amendments thereto under section 23;
- (h) governing grants under this Act;
- (i) governing the duties of utility officers;
- (j) requiring the submission, maintenance or provision of prescribed information, statements, records and returns by distributors;
- (k) prescribing the rights and duties of distributors in relation to the construction and operation of rural gas utilities;
- (l) governing the security that may be required under section 19, subsection (3);
- (m) restricting the construction of individual taps, prescribing the conditions on which the Minister or a person authorized by him for that purpose may

3. Rural Utilities Branch.

4. Regulations.

consent to the construction of individual taps, and prescribing the conditions on which gas may be supplied to individual taps;

- (n) prescribing standards for the design, operation, maintenance and safety of rural gas utilities and prescribing the powers and duties of employees of the Branch regarding inspection of rural gas utilities with respect to the enforcement of those standards;
- (o) governing the kind and amounts of liability insurance to be maintained by rural gas co-operative associations;
- (p) governing reserves to be maintained by member-owned co-operative associations;
- (q) providing, with respect to any provision of the regulations, that its contravention constitutes an offence;
- (r) providing, in respect of an offence provided for pursuant to clause (q), for penalties by way of fine or imprisonment or both for which the offender is liable on summary conviction therefor;
- (s) governing any other matter or procedure in connection with the administration of this Act not otherwise provided for.

Grants

5. (1) The Minister may, in accordance with the regulations, make grants

- (a) to a distributor with respect to a rural gas utility the construction of which commenced on or after May 1, 1973, of an amount equal to the excess of the capital cost per consumer over and above the point of economic conversion but not exceeding the maximum amount prescribed by the regulations;
- (b) subject to subsection (2), to a distributor with respect to an extension or an expansion line constructed on or after May 1, 1973, of an amount equal to the excess of the capital cost per consumer over and above the point of economic conversion but not exceeding the maximum amount prescribed by the regulations;
- (c) to a distributor to cover unusual costs in cases where, because of the distance from a gas source or because of local conditions, the distributor's rural gas utility would not otherwise be economically viable;
- (d) to a distributor to provide financial assistance for the cost of conducting field experiments or research

5. Government grants.

related to the design or construction of, or material to be used in, the distributor's rural gas utility;

- (e) to a distributor to defray extraordinary or unforeseen costs incurred in connection with reconstructing or replacing all or part of the distributor's rural gas utility;
- (f) to an individual having a permanent residence outside a franchise area to assist in paying for the cost of purchasing a propane or fuel oil tank;
- (g) on an annual basis, to a rural municipal authority within whose boundaries a rural gas utility is in operation or under construction.

(2) Where an extension or expansion line is added to a rural gas utility and the capital cost per consumer of the extension or expansion line exceeds the capital cost per consumer of the initial rural gas utility, the Minister may, as a condition precedent to making a grant to the distributor under subsection (1), clause (b), in respect of the extension or expansion line, require the consumers to be served by the extension or expansion line to each pay a specified amount to the distributor as an additional contribution to the capital cost of the extension or expansion line and thereupon the grant made under subsection (1), clause (b) shall be reduced by the aggregate amount of those additional contributions.

(3) A rural municipal authority shall use a grant under subsection (1), clause (g) to employ a utilities officer or engage the services of a utilities officer on a fee basis, to assist it in the organization, construction or operation of any rural gas utility and any other kind of public utility within its boundaries,

(4) Where a grant is made to the Minister of Municipal Affairs under subsection (1), clause (g) with respect to an improvement district or a special area, the grant shall be credited, as the case requires, to

- (a) the deposit account maintained for the improvement district pursuant to *The Improvement Districts Act*, or
- (b) the Special Areas Trust Account referred to in section 8, clause 4 of *The Special Areas Act*.

6. (1) The Lieutenant Governor in Council may make regulations

- (a) prescribing the extra charges that a distributor may charge to consumers who decline or refuse gas service when they had an opportunity to obtain it at the time the rural gas utility or extension thereof, as the case may be, was first constructed and who later apply for gas service from that utility or extension;

6. Regulations re extra charges for consumers applying for gas service after initial construction.

- (b) requiring in any case that all extra charges referred to in clause (a) that are received by a distributor shall be paid by the distributor to the Government or prescribing in any case the percentage of any extra charges received by the distributor that shall be paid by the distributor to the Government.

(2) This section applies only with respect to rural gas utilities or extensions, as the case may be, constructed after the coming into force of this section.

Administration and Enforcement

7. The Minister is responsible for the co-ordination of the setting of standards for the design, safety and plant records of rural gas utilities prescribed by or pursuant to any Acts of the Parliament of Canada and of the Legislature of Alberta.

8. The Minister may waive the compliance with any provision of this Act or the regulations or any order or other document issued under this Act or the regulations either absolutely, conditionally or for a stated period, in any case where he considers it warranted by special circumstances or necessary for the administration of this Act.

9. (1) The chief officer or any other officer of the Branch, or an employee of the Branch authorized for that purpose by the chief officer, may at any reasonable time

- (a) enter upon any lands or premises to inspect a rural gas utility, a consumer service installation or the offices of a distributor, and
- (b) examine any records of a distributor in connection with the operation of a rural gas utility.

(2) A utilities officer employed or engaged by a rural municipal authority may

- (a) enter upon any lands or premises to inspect a rural gas utility or any other public utility serving residents within its municipality, a consumer service installation within that municipality or the offices of the distributor or of the operator of that other public utility, and
- (b) examine any records of that distributor in connection with the operation of that rural gas utility or any records of the operator of that other public utility.

(3) A person conducting an inspection under this section shall report any contravention or suspected contravention of any law to the appropriate department or agency of the

7. Co-ordination of standards.

8. Waiver of compliance in special cases.

9. Entry and inspection.

Government of Alberta or of the Government of Canada having law enforcement responsibilities in respect of the subject matter of the report.

10. (1) Any person who contravenes section 12, 13, 17, 27, 28, 30, 35, 36, 37, section 38, subsection (3) or section 40 is guilty of an offence and liable on summary conviction to a fine not exceeding \$5,000 and in default of payment to a term of imprisonment not exceeding three months.

(2) Any person who is guilty of an offence under the regulations for which no penalty is prescribed is liable on summary conviction to a fine not exceeding \$5,000 and in default of payment to a term of imprisonment not exceeding three months.

11. Where any person is contravening or has contravened section 12, the Attorney General may, whether or not a conviction has been adjudged in respect of the contravention, apply to the Supreme Court by way of originating notice of motion upon not less than three days' notice for an order

- (a) restraining that person from contravening that section or continuing the contravention, and
- (b) requiring that person to do any act for the purpose of removing any pipe line constructed or installed in contravention of section 12 and of making restitution to any other person for any damage resulting from the contravention.

10. Penalties.

11. Restraining order.

PART 2

RURAL GAS UTILITIES

Prohibitions respecting Construction of Rural Gas Utilities and Extensions

12. (1) No person shall commence the construction of a rural gas utility unless

- (a) the rural gas utility is to be located in a service area prescribed by a service area approval issued to the distributor, and
- (b) the design of the rural gas utility has been approved by the chief officer or an employee of the Branch authorized by him to give the approval.

(2) No person shall commence the construction of any extension of a rural gas utility unless

- (a) the extension is to be located in a service area prescribed by a service area approval issued to the distributor, and
- (b) the design of the extension has been approved by the chief officer or an employee of the Branch authorized by him to give the approval.

(3) Notwithstanding subsections (1) and (2), a distributor may, with the approval of the Minister, construct an extension of a rural gas utility to a consumer who is not in any franchise area and whose location cannot, in the opinion of the Minister, be included in the service area of the distributor by reason of its distance from the service area or its isolated location.

Franchise Areas

13. (1) A person who proposes to construct a rural gas utility shall first apply for a franchise area approval in respect of the rural gas utility.

(2) A distributor who proposes to construct an extension to a rural gas utility shall apply to the chief officer for a franchise area approval in respect of that rural gas utility unless he is already the holder of a franchise area approval in respect of that rural gas utility.

(3) An application under this section for a franchise area approval shall be filed with the Branch and shall, subject to the regulations, be accompanied by

- (a) a map showing the proposed franchise area,
- (b) a preliminary engineering economic feasibility study in respect of the rural gas utility or the extension, as the case may be,

12. Prohibition against construction of new rural gas utilities, or extensions of existing ones, without approval.

13. Application for franchise area approval in respect of new rural gas utilities or extensions.

- (c) a preliminary engineering design of the rural gas utility or the extension, as the case may be, and
- (d) any other information required by the chief officer.

14. The chief officer may, on his own motion or upon application by the distributor and in accordance with the regulations, issue a franchise area approval with respect to a rural gas utility in existence at the commencement of this section or which was under construction at the commencement of this section.

15. (1) A franchise area approval shall prescribe the franchise area for the rural gas utility of the distributor to whom it is issued.

(2) The chief officer shall determine the boundaries of a franchise area in accordance with the economic and other criteria prescribed by the regulations.

(3) The chief officer shall not issue a franchise area approval unless he is satisfied that it is in the public interest to do so, having regard to the availability of other sources of gas, the present and future need for the extension of gas service throughout rural Alberta and any other circumstances that in his opinion are relevant to the public interest.

(4) This section applies to a distributor to whom a franchise area approval is issued notwithstanding the provisions of any other Act or any agreement or instrument made or issued under any other Act.

16. (1) The chief officer, on his own motion or upon application, may, subject to the regulations, amend a franchise area approval.

(2) The chief officer may, in lieu of making an amendment to a franchise area approval, issue a new franchise area approval incorporating the amendment and any previous amendments.

Service Areas

17. (1) Where a distributor has applied for and been issued a franchise area approval, the distributor shall apply to the chief officer for a service area approval.

(2) An application under this section shall, subject to the regulations, be accompanied by

- (a) a map showing the franchise area and the proposed service area,
- (b) an engineering economic feasibility study in respect of the rural gas utility or the extension, as the case may be,

14. Approvals as to existing rural gas utilities.

15. Issuing of franchise area approvals.

16. Amendments to franchise area approvals.

17. Application for a service area approval.

- (c) in the case of a rural gas utility or an extension proposed to be constructed, the names and locations of the consumers who have agreed to accept gas service from the distributor in the event that the utility or extension, as the case may be, is constructed,
- (d) an engineering design of the rural gas utility or the extension, as the case may be, and
- (e) any other information required by the chief officer.

18. Where the chief officer has issued a franchise area approval on his own motion pursuant to section 14, the chief officer may, on his own motion and in accordance with regulations, issue a service area approval with respect to the same rural gas utility.

19. (1) A service area approval shall prescribe the service area for the rural gas utility, which shall be the same as or part of the franchise area for that utility.

(2) The chief officer shall determine the boundaries of a service area in accordance with

- (a) the economic and other criteria prescribed by the regulations, and
- (b) the regulations made pursuant to section 4, clause (d).

(3) Before issuing a service area approval or an amendment thereto, the chief officer may, in accordance with the regulations, require the person engaged by the distributor to carry out the construction of the rural gas utility or the extension, as the case may be, to provide security in favour of the distributor in such form and in such amount as the chief officer prescribes in order to ensure the completion of the construction.

20. (1) The chief officer, on his own motion or upon application, may, subject to the regulations, amend a service area approval.

(2) The chief officer may, in lieu of issuing an amendment to a service area approval, issue a new service area approval incorporating the amendment and any previous amendments.

Revocation of Franchise Area Approvals

21. (1) The chief officer may, subject to the regulations, revoke any franchise area approval where he is satisfied that it is in the public interest to do so, having regard to any failure of the distributor concerned to obtain a service

18. Issue of service area approval by the chief officer on his own motion.

19. Issue of service area approval.

20. Amendment to service area approval.

21. Revocation of franchise area approval.

area approval or to provide adequate gas service to the consumers in the service area or to any other circumstances that he considers so prejudicial to those consumers as to warrant the revocation.

(2) Where a franchise area approval is revoked, the distributor shall cease to operate the rural gas utility that is the subject of the approval.

(3) Where a franchise area approval is revoked, the service area approval for the same rural gas utility shall be deemed to be revoked.

Appeals

22. (1) Where the chief officer

- (a) refuses an application for a franchise area approval or a service area approval or an amendment to either, or
- (b) issues a franchise area approval or a service area approval or an amendment to either, or
- (c) revokes a franchise area approval or a service area approval,

the refusal, the making of the approval or the amendment or the revocation may be appealed to the Public Utilities Board in accordance with the regulations.

(2) Upon determining an appeal under this section, the Public Utilities Board shall

- (a) confirm the refusal, the approval or the amendment or the revocation, or
- (b) direct the chief officer, as the case requires, to issue the franchise area approval or service area approval or the amendment or reinstate the franchise area approval in accordance with the decision of the Board.

(3) Where a franchise area approval is reinstated, the service area approval shall be deemed to be also reinstated.

Reviews of Approvals

23. For the purpose of ensuring that the maximum number of rural consumers in Alberta are provided with the opportunity to obtain gas service, the chief officer shall review all franchise area approvals every three years commencing in 1977 and, in accordance with the regulations, may amend or replace any approval so reviewed by altering the franchise area or service area thereunder, or both.

22. Appeals to the Public Utilities Board.

23. Reviews of franchise area approvals every 3 years.

General

24. The officers and employees of the Branch shall, on request, provide assistance and information to any person making or proposing to make an application for a franchise area approval or a service area approval or an amendment to either.

25. Where a dispute arises in connection with an application for a franchise area approval or a service area approval or an amendment to either of them, the chief officer, before deciding the application, may with the consent of the Minister arrange for the conducting of a plebiscite or referendum by mail in order to obtain the views of gas consumers or potential gas consumers affected by the application but the chief officer is not bound by the results of any plebiscite or referendum so conducted.

26. Where a franchise area approval or service area approval or an amendment to either is issued, or a franchise area approval is revoked, the chief officer shall inform the Director of Co-operative Activities accordingly.

27. Where any part of a rural gas utility or an extension is constructed under the authority of a permit issued pursuant to *The Pipe Line Act*, the distributor shall provide sufficient inspection during the construction and testing to ensure that the part of the utility or the extension is constructed and tested in accordance with the permit and *The Pipe Line Act*.

28. Upon the completion of construction of a rural gas utility or an extension, the distributor shall file with the Branch

- (a) a physical inventory of the material used,
- (b) a copy of the final plans showing the actual physical location of all pipe lines forming part of the rural gas utility or the extension, as the case may be, and
- (c) any other information required by the regulations or the chief officer.

29. (1) Where a consumer within the service area of a rural gas co-operative association requires supplies of gas large enough to necessitate the installation of over-size pipe, the association may require the consumer to pay a capital surcharge in respect of the additional cost involved in installing the over-size pipe.

24. Assistance to applicants by the Rural Utilities Branch.

25. Mail plebiscite prior to decision on approval.

26. Notice to Director of Co-operative Activities.

27. Duty of distributor to provide inspection during testing and construction.

28. Information to the Branch after construction is completed.

29. Extra capital charges in special cases.

(2) Where an extension of a rural gas utility is constructed with the approval of the Minister pursuant to section 12, subsection (3), the distributor may require the consumer concerned to pay for the extra capital cost involved in constructing the extension.

30. (1) No distributor shall offer gas service to a potential consumer outside his franchise area or within the franchise area of another distributor unless he has received the consent of the chief officer to do so.

(2) Where a potential consumer applies for gas service to a distributor who is the holder of a franchise area approval and the location where the gas is to be supplied is not within the franchise area prescribed by that approval or within any other franchise area, the distributor shall apply to the chief officer for an amendment to the franchise area approval and the service area approval for the purpose of having the consumer's location brought within the distributor's service area.

(3) Where a potential consumer within a franchise area of one distributor applies for gas service to another distributor who is the holder of a franchise area approval, the other distributor shall apply to the chief officer for an amendment to his franchise area approval and his service area approval for the purpose of having the potential consumer's location brought within his service area.

(4) An application under subsection (3) shall be accompanied by the consent of the distributor first-mentioned in that subsection but the chief officer may dispense with the consent on such conditions as he considers just.

31. Where the ownership of a rural gas utility is transferred, the chief officer may revoke the existing franchise area approval and issue to the new owner a franchise area approval and service area approval prescribing respectively the same franchise area and service area that were prescribed in the previous approvals.

30. Provision to prevent consumer “raiding”.

31. New approvals to new owner of a rural gas utility.

PART 3
GAS ALBERTA

32. There shall be a section of the Branch called "Gas Alberta".

33. (1) The Minister may

- (a) buy, sell and exchange gas;
- (b) act as a broker with respect to the sale and purchase of gas;
- (c) operate and maintain, through agents, any portion of a rural gas utility operated at pressures greater than the allowable distribution system pressure for the utility;
- (d) enter into an agreement or arrangement with a distributor to provide customer billing services for the distributor;
- (e) exercise and perform any powers or duties conferred or imposed upon him by the regulations in respect of operations of, or the supply of gas to, rural gas utilities and individual taps.

(2) The Minister may exercise his powers under subsection (1) in the name of "Gas Alberta" and any reference to "Gas Alberta" in any agreement or other instrument created in the course of exercising any powers under subsection (1) shall be deemed to be a reference to the Minister.

34. (1) There shall be a fund called the "Gas Alberta Operating Fund".

(2) The Fund shall be held by the Provincial Treasurer, who shall maintain a separate accounting record of the Fund.

(3) The Provincial Treasurer shall from time to time, upon the request of the Minister, pay into the Fund moneys appropriated by the Legislature for the purposes of the Fund.

(4) The following shall be paid into the Fund:

- (a) moneys paid pursuant to subsection (3);
- (b) all revenues received by the Minister under agreements or arrangements made pursuant to section 33, subsection (1).

(5) All expenditures made by the Minister pursuant to any agreement or arrangement made in the exercise of his powers under section 33, subsection (1) shall be paid out of the Fund.

(6) The Lieutenant Governor in Council may order that any surplus amount in the Fund be paid into the General Revenue Fund.

32. Gas Alberta.

33. Minister's powers that may be exercised in the name of Gas Alberta.

34. Gas Alberta Operating Fund.

(7) After the end of each fiscal year of the Government, the Minister shall prepare a report respecting the operation of the Fund during the preceding fiscal year and lay a copy thereof, together with an audited financial statement for the Fund as at the end of that fiscal year, before the Assembly if it is then in session and, if not, within 15 days after the commencement of the next ensuing session.

35. (1) In this section and section 36 "Gas Alberta" means the Minister acting in the name of Gas Alberta.

(2) Notwithstanding anything in any other Act or in a permit granted under *The Gas Resources Preservation Act*,

- (a) a member-owned co-operative association that owns a rural gas utility that commences operation or is constructed on or after May 1, 1973 shall purchase gas from Gas Alberta only;
- (b) any person who obtains gas service from an individual tap constructed on or after May 1, 1973 shall purchase his gas from Gas Alberta only;
- (c) a distributor, other than one referred to in clause (d) or (e), who is the holder of a service area approval and who requires additional supplies of gas for an extension of his rural gas utility shall purchase the additional supply of gas from Gas Alberta only, unless the Minister otherwise directs;
- (d) a distributor whose rural gas utility is subject to *The Gas Utilities Act* and who
 - (i) requires a new or additional supply of gas for the utility, and
 - (ii) proposes to obtain the new or additional supply from a field or pool or other source other than that from which he is obtaining gas at the commencement of this Act,shall purchase the new or additional supply of gas from Gas Alberta only;
- (e) a rural municipal authority that owns a rural gas utility may purchase gas from Gas Alberta.

(3) A distributor whose rural gas utility is subject to *The Gas Utilities Act* shall submit to Gas Alberta on or before March 31st in each year a computation of the wholesale value of gas purchased from persons other than Gas Alberta and used by his utility in the preceding year.

36. Notwithstanding anything in any other Act or in any permit issued under *The Gas Resources Preservation Act*, an owner of gas, whether or not it is the subject of a permit issued under that Act, shall supply gas at a reasonable price to Gas Alberta upon the request of Gas Alberta, if, in the opinion of the Energy Resources Conservation Board, the gas can be reasonably supplied by the producer.

35. Persons empowered or required to purchase gas from Gas Alberta.

36. Requirement to sell gas to Gas Alberta on request.

PART 4
RURAL GAS CO-OPERATIVE ASSOCIATIONS

37. (1) The Lieutenant Governor in Council may make regulations prescribing minimum standards for the operation and maintenance of, and utility business practices to be used in connection with, any rural gas utility operated by a rural gas co-operative association.

(2) No rural gas co-operative association shall operate or maintain its rural gas utility or conduct any utility business practice in contravention of the regulations under subsection (1).

38. (1) The Minister may prescribe the form of any contract or other document to be used by a rural gas co-operative association in the conduct of its business.

(2) A rural gas co-operative association may in contracting with its members use its own form of gas service contract if the form of the contract has been approved by the Minister, notwithstanding that a form of gas service contract has been prescribed pursuant to subsection (1).

(3) Any engineering or construction contract entered into by a rural gas co-operative association and relating to a rural gas utility must be approved by the Minister, whether a form for such a contract has been prescribed pursuant to subsection (1) or not, and the Minister may require any changes in the contract if he considers the change necessary in the public interest.

39. (1) In this section, "easement" means an instrument referred to in section 71 of *The Land Titles Act*.

(2) An easement in favour of a member-owned co-operative association in connection with its rural gas utility shall be in a form prescribed or approved by the Director of Co-operative Activities.

(3) A member-owned co-operative association shall ensure

- (a) that it has acquired an interest in land for the purposes of the whole of its rural gas utility either by way of easements or expropriation orders, except for those parts of its utility in respect of which it does not require an interest in land by virtue of section 23, 26 or 27 of *The Pipe Line Act*, and
- (b) that all easements and expropriation orders referred to in clause (a) are registered under *The Land Titles Act*.

37. Standards prescribed for rural gas co-operative associations.

38. Form of contracts.

39. Easements and expropriation orders in favour of member-owned co-operative associations.

(4) *The Dower Act* does not apply with respect to an easement in favour of a member-owned co-operative association.

(5) *The Landmen Licensing Act* does not apply with respect to an easement or expropriation order in favour of a member-owned co-operative association.

40. (1) A member-owned co-operative association shall maintain in accordance with this section a reserve account for the maintenance, replacement, extension and capacity increase of its rural gas utility.

(2) The reserve account under this section shall be derived from the sources specified in the regulations.

(3) The Minister shall determine the minimum amount required to be maintained in the reserve account.

41. (1) *The Gas Utilities Act* does not apply to a rural gas utility operated by a member-owned co-operative association but

- (a) a member-owned co-operative association shall file a copy of its schedule of rates, tolls and charges with the Public Utilities Board, and
- (b) any consumer receiving gas service from a rural gas utility operated by a member-owned co-operative association being aggrieved respecting service charges, rates and tolls made to him, may, by application, appeal to the Public Utilities Board, and the Public Utilities Board, if satisfied that the service charge, rate or toll
 - (i) does not conform to the utility rate structure established by the member-owned co-operative association, or
 - (ii) has been improperly imposed, or
 - (iii) is discriminatory,may make an order varying, adjusting or disallowing the whole or any part of such charge, rate or toll.

(2) Upon complaint in writing to the Public Utilities Board, the Board may, by order, which shall be made after giving notice to and hearing the parties interested, require a member-owned co-operative association operating a rural gas utility to supply and deliver gas to such persons, for such purpose, at such rate, prices and charges, and upon such terms and conditions as the Board from time to time directs, fixes and imposes.

(3) A dispute between any member-owned co-operative association and any municipality regarding crossings of public roads, streets or municipally-owned utility lines,

40. Reserve accounts.

41. Jurisdiction of Public Utilities Board as to rural gas utilities operated by member-owned co-operative associations.

shall be heard before the Public Utilities Board which may make such rulings as it considers necessary to settle the dispute.

42. The Minister of the Crown charged with the administration of *The Co-operative Associations Act* may exercise his powers under section 64 of that Act in the case of a member-owned co-operative association where it appears to him from a report of the Director of Co-operative Activities, made after investigation, that the association has contravened the provisions of this Act or the regulations.

42. Additional grounds for remedial action under section 64 of The Co-operative Associations Act which, among other things, allows the Minister to cancel the association's incorporation or appoint an official director.

PART 5
STATUTE AMENDMENTS AND COMMENCEMENT

The Co-operative Associations Act

43. (1) *The Co-operative Associations Act is amended by this section.*

(2) *Section 38 is amended by renumbering the section as subsection (1) and by adding the following subsection:*

(2) Subsection (1), in its application to rural gas associations, is subject to section 40 of *The Rural Gas Act*.

(3) *Section 41 is struck out and the following is substituted therefor:*

41. (1) Section 39, subsection (1) does not apply and shall be deemed never to have applied to rural electrification associations or to rural gas associations.

(2) The memorandum of association and by-laws of every rural electrification association and rural gas association shall provide and shall be deemed to provide and to have always provided

- (a) that no member leaving the association is entitled to receive from the association any portion of his equity in the association greater than \$1, unless the directors of the association otherwise direct, with the concurrence of the Director after consultation by him with the Department of Telephones and Utilities,
- (b) that no member leaving the association is entitled to receive from the association any portion of the reserves of the association (consisting of the deposit accounts of its members in the case of rural electrification associations) until the directors of the association otherwise direct, with the concurrence of the Director after consultation by him with the Department of Telephones and Utilities,
- (c) in the case of a rural electrification association, that the deposit accounts of the members of rural electrification association consist of those sums credited to each member and derived from,
 - (i) excess construction costs, being the difference between estimated construction cost of the works of the association and the actual cost thereof,
 - (ii) such periodic charge to the members as the directors of the association may from time to time prescribe,

43. (1) This section amends chapter 67 of the Revised Statutes of Alberta 1970.

(2) Section 38 presently reads:

38. The amount available for distribution to members at the close of each fiscal year of the association shall, within six months thereafter, be allocated in the manner provided by the by-laws in force at the time.

(3) Section 41 presently reads:

41.(1) Section 39, subsection (1) shall be deemed never to have applied to rural electrification associations.

(2) The memorandum of association and by-laws of every rural electrification association shall provide and shall be deemed to have always provided

- (a) that no member leaving the association is entitled to receive from the association any portion of his equity in the association greater than one dollar, unless the directors of the association otherwise direct, with the concurrence of the Director,
- (b) that no member leaving the association is entitled to receive from the association any portion of the reserves of the association (consisting of the deposit accounts of its members) until the directors of the association otherwise direct, with the concurrence of the Director,
- (c) that the deposit accounts of the members consist of those sums credited to each member and derived from,
 - (i) excess construction costs, being the difference between estimated construction cost of the works of the association and the actual cost thereof,
 - (ii) such periodic charge to the members as the directors of the association may from time to time prescribe.
 - (iii) the surplus remaining from such periodic charge for operative and administrative expenses as the directors of the association may from time to time prescribe.
 - (iv) such other amounts as the directors of the association may from time to time prescribe, and
 - (v) interest earned by the above amounts,and
- (d) that the association may enter into agreements whereby its reserves are charged in favour of and be available to other rural electrification associations whose reserves are similarly charged, to make good losses due to abnormal damage from weather and other natural causes or public liability.

(3) The deposit accounts of members of rural electrification associations are and shall be deemed always to have been subject to a charge for the benefit of

- (a) the rural electrification association of which the deposit account holder is or was a member to provide a reserve for renewal, replacement, or substitution of all equipment or property of the association, whether such renewal, replacement or substitution occurs before the deposit account holder became a member, during his membership, or after he ceased to be a member of the association, and
- (b) every other rural electrification association which has similarly charged its reserves in favour of the rural electrification association of which the deposit account holder is or was a member, to make good losses due to abnormal damage from weather or other natural causes or public liability whether such losses or public liability occurred before the deposit account holder became a member, during his membership, or after he ceased to be a member of the association.

(4) Where land owned by a member in respect of which a rural electrification association has a service contract, has heretofore or is hereafter transferred to a person who in turn has become or becomes a member of the association in respect of electrical service to the same land, all right of the departing member to his deposit account and all equity of the departing member in the association shall be deemed to have been or to be transferred with the land, unless the transferor and transferee otherwise agree in writing, and notify the association in writing of the agreement.

(5) The Director may, in his discretion, withhold or delay the refunding of the reserves, or portions thereof, having regard to the reserves reasonably required.

- (iii) the surplus remaining from such periodic charge for operative and administrative expenses as the directors of the association may from time to time prescribe,
 - (iv) such other amounts as the directors of the association may from time to time prescribe, and
 - (v) interest earned by the amounts referred to in subclauses (i) to (iv),
- (d) that the association may enter into agreements whereby its reserves are charged in favour of and are available to other rural electrification associations or rural gas associations, as the case may be, whose reserves are similarly charged, to make good losses due to abnormal damage from weather and other normal causes or public liability, and
- (e) that the deposit account of each member shall be returned to him in the event of the winding up or dissolution of the association unless the directors, by a resolution.
- (i) passed by a majority of not less than three-quarters of the directors present at a duly convened meeting of the board of directors, and
 - (ii) approved by the Director,
- order that the aggregate of the deposit accounts of all members of the association be divided and distributed in equal shares to all members in the event of the winding up or dissolution of the association.
- (3) The deposit accounts of members of rural electrification associations are and shall be deemed always to have been subject to a charge for the benefit of
- (a) the rural electrification association of which the deposit account holder is or was a member to provide a reserve for renewal, replacement, or substitution of all equipment or property of the association, whether such renewal, replacement or substitution occurs before the deposit account holder became a member, during his membership, or after he ceased to be a member of the association, and
 - (b) every other rural electrification association which has similarly charged its reserves in favour of the rural electrification association of which the deposit account holder is or was a member, to make good losses due to abnormal damage from weather or other natural causes or public liability whether such losses or public liability occurred before the deposit account holder became a member, during his membership, or after he ceased to be a member of the association.
- (4) Where land owned by a member in respect of which a rural electrification association or rural gas association

has a service contract, has heretofore or is hereafter transferred to a person who in turn has become or becomes a member of the association in respect of electrical or gas service to the same land, all right of the departing member to the reserve accounts and all equity of the departing member in the association shall be deemed to have been or to be transferred with the land, unless the transferor and transferee otherwise agree in writing, and notify the association in writing of the agreement.

(5) The Director, with the concurrence of the Minister of Telephones and Utilities, may withhold or delay the refunding of the reserves, or portions thereof, having regard to the reserves reasonably required.

The Co-operative Marketing Associations Guarantee Act

44. (1) The Co-operative Marketing Associations Guarantee Act is amended by this section.

(2) Section 3, subsection (1) is amended

(a) by striking out the word "and" at the end of clause (c), by adding the word "and" at the end of clause (d) and by adding the following clause:

(e) in the case of an association having as its principal object the supplying of natural gas, the association has been issued a franchise area approval under The Rural Gas Act,

(b) by adding the following subsection after subsection (3):

(4) Where a loan is guaranteed under this section, the lender and the association may agree that the loan is to be advanced in instalments and in that event, the Provincial Treasurer may execute a guarantee with respect to each instalment.

(3) Section 14 is amended by adding after subsection (1) the following subsection:

(1.1) Where

(a) the Provincial Treasurer executes a guarantee with respect to an instalment of a loan pursuant to section 3, subsection (4), and

(b) the instalment is made to for the purpose of constructing a part only of the pipe lines or works intended to be constructed with the use of the loan guaranteed under section 3,

subsection (1) does not apply but the Director of Co-operative Activities shall, within 30 days of the execution of the guarantee referred to in clause (a), cause notices to be filed in the land titles office with respect to the lien notes given by the members of the association for whose benefit the pipe lines or works referred to in clause (b) are to be constructed.

44. (1) This section amends chapter 68 of the Revised Statutes of Alberta 1970.

- (2) (a) Section 3 (1) enumerates the conditions that must be fulfilled before a government guarantee can be given in respect of a loan to a co-operative marketing association. The new clause (e) adds a new condition for rural gas co-operatives.
- (b) The new subsection (4) will allow for separate guarantees for each installment of a loan guaranteed under section 3. See subsection (3) of this section and the amendment to section 14 of the Act.

(3) Section 14 (1) presently reads:

14. (1) Within 30 days after the execution of the guarantee by the Provincial Treasurer, the Director of Co-operative Activities shall cause a notice of the lien note in Form 2 in the Schedule to be filed in the appropriate land titles office.

The Electric Power and Pipe Line Assessment Act

45. *The Electric Power and Pipe Line Assessment Act is amended as to section 4 by striking out clause (a) and by substituting the following:*

- (a) works and transmission lines used exclusively for farm services;
- (a1) pipe lines forming part of a rural gas utility as defined in *The Rural Gas Act*;

The Gas Protection Act

46. (1) *The Gas Protection Act is amended by this section.*

(2) *Section 5 is amended by adding the following clause after clause (f):*

- (f1) prohibiting the discontinuance of the supply of gas to any consumer without his consent except in the case of non-payment of charges for gas supplied to that consumer and except in the case of a gas installation that presents a danger to life or property,

(3) *The following section is added after section 5:*

5.1 A permit shall not be issued under the regulations in respect of any gas equipment or gas installation that forms or will form part of a rural gas utility (as defined in *The Rural Gas Act*) without the consent of the Minister of Telephones and Utilities or a person authorized by him to give that consent.

The Municipal Government Act

47. *The Municipal Government Act is amended as to section 276, subsection (1) by striking out the words “and The Hydro and Electric Energy Act,” and by substituting the words “, The Hydro and Electric Energy Act and The Rural Gas Act,”.*

The Pipe Line Act

48. (1) *The Pipe Line Act is amended by this section.*

(2) *The following section is added after section 9:*

- 9.1** (1) The Board shall not grant a permit for
- (a) any pipe line that will be part of a rural gas utility (as defined in *The Rural Gas Act*), or
 - (b) an individual tap (as defined in *The Rural Gas Act*),

45. This section will amend chapter 119 of the Revised Statutes of Alberta 1970. Section 4 (a) presently reads:

4. The following property is exempt from assessment under this or any other Act:

(a) works and transmission lines and pipe lines used exclusively for farm services;

The result is to completely exempt rural gas utilities from assessment and taxation.

46. (1) This section will amend chapter 156 of the Revised Statutes of Alberta 1970.

(2) Section 5 enumerates the subject matters on which the Lieutenant Governor in Council may make regulations.

(3) Self-explanatory.

47. This section will amend chapter 246 of the Revised Statutes of Alberta 1970. Section 276 (1) presently reads:

276. (1) Subject to The Public Utilities Board Act, The Gas Utilities Act, The Water Resources Act and The Hydro and Electric Energy Act, the municipality may supply any person outside the municipality with a public utility upon special terms, and may exercise all other powers necessary to the carrying out of its agreement with such person as well outside the municipality as within the municipality.

48. (1) This section will amend chapter 275 of the Revised Statutes of Alberta 1970.

(2) Self-explanatory.

without the consent of the Minister of Telephones and Utilities or a person authorized by him to give that consent.

(2) The Board shall provide technical advice to the Minister of Telephones and Utilities and the Rural Utilities Branch of his Department for the purpose of preventing the construction of rural gas utilities using wells with inadequate supplies of gas.

(3) *The following section is added after section 14:*

14.1 A provisional licence or a licence shall not be granted for

- (a) any pipe line that is part of a rural gas utility (as defined in *The Rural Gas Act*), or
- (b) an individual tap (as defined in *The Rural Gas Act*),

without the consent of the Minister of Telephones and Utilities or a person authorized by him to give that consent.

Commencement

49. This Act comes into force on a date or dates to be fixed by Proclamation.

(3) Self-explanatory.