

1977 Bill 210

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Third Session, 18th Legislature, 26 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

**BILL 210**

**THE RURAL ELECTRIFICATION ASSOCIATION CONTRACT ACT**

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MR. NOTLEY

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First Reading .....

Second Reading .....

Third Reading .....

*Bill 210*  
*Mr. Notley*

## **BILL 210**

1977

### **THE RURAL ELECTRIFICATION ASSOCIATION CONTRACT ACT**

*(Assented to \_\_\_\_\_, 1977)*

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

**1.** Where a Rural Electrification Association is formed pursuant to the *Cooperative Associations Act* and wishes to contract for electrical power after December 31, 1977 it shall do so in the terms of the contract set out in the Schedule A to this Act, and any contract for electrical power negotiated by a Rural Electrification Association on any other terms shall be void.

**2.** Every contract between a Rural Electrification Association and any other person for the supply of electrical power in force on December 31, 1977 shall terminate on that date and if the parties thereto wish to enter into a new contract for the supply of electrical power after such termination they shall do so on the terms of the contract set out in the Schedule A to this Act.

**3.** No contract entered into pursuant to this Act shall have a basic term in excess of ten years.

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

## **Explanatory Notes**

**1.** New rural electrification associations to contract for power according to Schedule A.

**2.** Existing rural electrification association contracts to terminate December 31, 1977.

**3.** Power contracts limited to ten years.

**4.** Coming into force.

SCHEDULE A

POWER SUPPLY AGREEMENT

MEMORANDUM OF AGREEMENT made this ..... day of  
..... A.D. 19....  
BETWEEN

..... RURAL ELECTRIFICATION ASSOCIATION  
LIMITED, a Body Corporate duly incorporated under the provisions  
of The Co-Operative Associations Act, having its Head Office at  
..... in the Province of Alberta,  
hereinafter called "the R.E.A."

OF THE FIRST PART,

— and —

..... POWER LTD., a Corporation having its Head  
Office at the City of ..... in the Province of Alberta,  
hereinafter called "the Company."

OF THE SECOND PART.

— and —

Elected Representatives of the Rural Electrification Associations  
jointly purchasing or desirous of jointly purchasing electrical power  
and energy, hereinafter called "the Elected Representatives of the  
Rural Electrification Associations."

OF THE THIRD PART.

WHEREAS the R.E.A. has purchased from the company electrical  
power and energy for use within the distribution area of the R. E. A.  
on special terms pursuant to an agreement dated the ..... day  
of ..... A.D. 19...., and

WHEREAS the present contract between the R. E. A. and the  
Company for the supply of electrical power and energy has existed  
over an extended period of time; and,

WHEREAS the extent and use of electrical power and energy and  
operating conditions have changed since the original agreement was  
entered into; and,

WHEREAS the R. E. A. is desirous that a new agreement should  
now succeed any and all other agreements between the R. E. A. and  
the Company in all matters referred hereunto; and

WHEREAS the Company is prepared to continue to supply electrical  
power and energy on special terms; and

WHEREAS the R. E. A. wishes to purchase electrical power and  
energy from the Company jointly with other Rural Electrification  
Associations in the Province of Alberta; and

WHEREAS the R. E. A. and the Company are desirous of further  
renewing and altering the power supply agreement dated .....  
day of ..... A.D. 19.... so that it shall henceforth provide  
and read as hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto mutually covenant, promise and agree with each other as follows:

#### 1. DEFINITIONS

In this agreement, including this clause and the recitals, unless the context otherwise requires, the expressions following shall have the following meanings:

- (a.) "power" means electrical power as measured in KW;
- (b.) "energy" means electrical energy as measured in KWH;
- (c.) "KWH" means kilowatt hour or kilowatt hours;
- (d.) "KW" means kilowatt or kilowatts;
- (e.) "KVA" means kilovolt-ampere or kilovolt-amperes;
- (f.) "frequency" means the rate of alteration of the supply voltage in cycles per second;
- (g.) "diminution" means a temporary drop in voltage;
- (h.) "interruption" means a short period of time when the supply voltage falls to zero and is restored by automatic devices;
- (i.) "outage" means a period of time when the supply voltage falls to zero and is restored by some manual action;
- (j.) "point of delivery" means the point at which power and energy passes from the circuit of one party to the circuit of the other, as provided for in Clause 8 hereunder;
- (k.) "month" means calendar month;
- (l.) "energy required" means the electrical power and energy required for use by the R. E. A. and for distribution by the R. E. A. to its customers;
- (m.) "Board" means the Public Utilities Board of Alberta;
- (n.) "load demand" means the average of the three highest daily joint coincident maximum rates of power delivery to all Rural Electrification Associations, during a 36 month period including and ending with such month, as measured in KW by a suitable thermal demand meter having a response period of 90% in 15 minutes and a 30 minute test period; providing that the KW of "load demand" shall not be increased by reason of abnormality such as outages, etc.

#### 2. CLAUSE HEADINGS

The clause headings are inserted in this agreement for the convenience of reference only and shall not be referred to for the purpose of, nor shall they affect, the construction or interpretation of this agreement, or any of its terms.

#### 3. TERM

This agreement shall be effective as from the date hereof and shall continue in full force and effect till .....

#### 4. RENEWAL

This agreement shall be automatically renewed for further successive terms of five years unless one party has given the other party six months' notice in writing that at the end of the existing term the Agreement is not to be renewed.

## 5. SUPPLY AND PURCHASE OF POWER AND ENERGY

Subject to the terms and conditions herein contained the Company shall supply and sell power and energy required by the R. E. A. from time to time and the R. E. A. shall take and purchase from the Company and distribute and sell such power and energy to the customers of the R. E. A., it being understood and agreed that the maintenance by the Company at the point of delivery of the conditions of voltage and frequency hereinafter provided for shall constitute part of the obligation of the Company to supply and deliver power and energy hereunder.

## 6. VOLTAGE AND FREQUENCY

The power and energy to be supplied hereunder for the term of this agreement, shall be at a normal voltage of 24,000 volts, (except where it has been mutually agreed that supply voltage shall be otherwise,) and at a normal frequency of 60 cycles per second; with a variation of voltage not greater than 4% above or below normal, and a variation of frequency not more than 1% above or below normal.

## 7. STANDARD OF SERVICE

The Company shall construct, maintain and operate its electrical supply system to render service in accordance with the practices of modern electric utility systems operating under similar circumstances, taking all reasonable precautions to guard against diminutions, interruptions or outages in the supply of power and energy and in the event of such diminutions, interruptions or outages occurring, cause such to be terminated with all reasonable dispatch. If in order to inspect, overhaul, reconstruct or add to its equipment diminutions, interruptions or outages of supply become necessary, the Company if possible shall give the R. E. A. reasonable notice of same.

## 8. POINT OF DELIVERY

The power and energy supplied under this agreement shall be delivered to the R. E. A., at the voltage set out in clause 6 by a connection provided by the Company from the Company system to the R. E. A. substation or substations or at such other point or points as shall be mutually agreed upon from time to time during this agreement or any extensions thereof.

## 9. DELIVERY FACILITIES

The Company shall, at its cost and expense, install, own, maintain and operate the transmission lines, circuits, transformers and appurtenant equipment for the delivery of power and energy to the point of delivery. The R. E. A., shall be responsible for all the transmission lines, circuits, transformers and appurtenant equipment for the distribution of power and energy beyond the point of delivery.

## 10. METERING

The Company shall supply and install at its expense, suitable instruments for the measuring of the power and energy supplied hereunder to the R. E. A., and for the determination of the joint load demand of all Rural Electrification Associations. The point of metering shall be at the main substation or substations of the R. E. A.

## 11. TESTING AND CALIBRATION OF METERS

The meters installed for the measurement of power and energy supplied under this agreement shall be tested periodically at intervals of not less than two years or at any time as may be required by the Department of Trade and Commerce of Canada and, or at any time upon request of any party to this agreement after ten days written

notice to the other parties, be tested or calibrated by the proper official of the Department of Trade and Commerce (Canada) and, in case of the said meters are found to be true and accurate within the limits prescribed from time to time by the said Department, the expense of such test shall be borne and paid for by the party giving such notice. In the event of the said meters being found not accurate, within the said limits, they shall forthwith be repaired and made good, or replaced and the expense of the test, repairs and substitutions shall be borne by the Company. The bills for power and energy supplied during the three months preceding such test shall be corrected in proportion to such error, if such error exceeds the foresaid prescribed limits.

#### 12. RATE FOR POWER AND ENERGY

The Company proposes and covenants to offer power and energy to the R. E. A. herein under and jointly to Rural Electrification Associations at a rate for power and energy that will enable the R. E. A. to provide service of power and energy within the R. E. A. service area to customer classes at a rate comparable to similar customer classes served directly or indirectly by the Company. The Company herein agrees and proposes that rural services classified as farm services be classified as residential services within the terms of this agreement.

The rate that the R. E. A. shall pay for electrical power and energy provided by the Company hereinunder shall be structured on the foresaid and if approved by the R. E. A. or Elected Representatives of the Rural Electrification Associations or both shall become the rate and charge that the R. E. A. shall pay and shall continue to pay during the term of this agreement unless and until a new rate and charge schedule is proposed and agreed upon based on the foresaid, or is determined and fixed by the Public Utilities Board upon either party applying to the Board, in which case the new rate shall thereafter apply.

#### 13. RENDERING AND PAYMENT OF ACCOUNTS

The Company shall, within the first ten days of the end of each three month period, render an account to the R. E. A. for the amount payable hereunder in respect of power and energy supplied during the preceding three months. Such account shall be due and payable when rendered, and a charge of 1% per month (12.68% per annum) shall be payable on accounts remaining unpaid 20 days after rendering.

#### 14. SERVICE AREAS

The R. E. A. service area shall encompass the full designated area of the R. E. A. including any and all areas wherein service has become available or will become available by virtue of the foresaid. Nothin in this agreement shall be deemed to diminish the R. E. A. service area.

#### 15. SUPPLY OF SERVICE

The R. E. A. shall have the sole right to serve any and all customers within the R. E. A. service area. Nothing in this agreement shall confer upon the Company the right to serve any customers located within the R. E. A. service area. During the term hereof and any renewals, as new customers for electrical power and energy develop, the R. E. A. will serve those within the R. E. A. service area. Customers presently served by the Company shall be deemed to be customers of the R. E. A. and hereinafter shall be transferred to the R. E. A.

#### 16. CUSTOMER TRANSFER

In respect of every Company customer transfer to R. E. A. service, the R. E. A. shall acquire the service drop works serving such customer. Compensation to the Company for the foresaid shall be determined by first taking as a basis the actual cost thereof to the Company less any contribution made and received by the Company, then adjusting this

figure so as to make allowance for any variation in the purchasing power of a dollar as shown by the official trade index or official Dominion statistics most applicable to the case in hand, and finally deducting an amount of depreciation that shall be computed and accumulate in the amount of three percent straight line depreciation per year on the adjusted dollar value of the said service. The resulting balance shall be the compensation in full to the Company for the said customer transfer. Payment of the resulting compensation to the Company shall be amortized over twenty years with interest value fixed at the Bank prime interest rate in effect at the date of this agreement. On the occasion of any such purchase the Company shall assign and transfer to the R. E. A. such rights of way which it has obtained with respect to location of the works so purchased. In the event the R. E. A. and the Company cannot agree as to the compensation payable, calculated on the basis hereinbefore set out, the amount of compensation payable, based of the foresaid method of calculation, shall be referred to arbitration and the provisions of the *Alberta Arbitration Act* shall apply.

#### 17. RIGHT OF INSPECTION

A duly authorized representative of any party to this agreement shall have the right, from time to time, to inspect the apparatus and plant of the other party and take records at all reasonable hours and make to a duly authorized representative of the other party, suggestions beneficial to the system of the other party. The Company will place at the disposal of the R. E. A. log sheets, records of graphical meters and any other information referring to the amount of load carried, power factor, frequency, voltage, current, or other items pertinent to this agreement. The parties shall interchange information with regard to system short circuit capacity, interrupting rating of equipment, coordination of fuses, switches and circuit breakers and other items pertinent to the operation of their respective facilities.

#### 18. INDEMNITY

The Company will indemnify and save harmless other parties to this agreement from and against any and all claims and demands that may be made against, and all loss and damage suffered by the R. E. A. by reason of any damage or injury to any person or property, including property of the R. E. A., resulting from the transmission lines, substations, and transformers owned or operated by the Company, within the boundaries of the R. E. A. All liability of the Company for accident, loss or damage to persons or property shall cease at the point of delivery unless the same can be shown to be due to the negligence of the Company, its servants, agents or employees.

#### 19. FORCE MAJEURE

If at any time during the period of this agreement or renewal hereof the operations of either the Company or other parties to this agreement are suspended, curtailed or interfered with owing to Act of God, the Queen, the Queen's enemies, or riots, rebellion, sabotage, tempest, fire or other causes beyond the reasonable control of either party or by strikes, differences with workmen or like causes, the party whose operations are suspended, curtailed or interfered with shall not be liable to the other under this agreement until the cause or causes of such suspension, curtailment or interference has been removed; provided that each of the parties shall take all reasonable precautions and adopt all reasonable measures to prevent or remove the cause of such suspension, curtailment or interference. Nothing herein contained, shall relieve the R. E. A. from its liability to pay for power and energy consumed during any such suspension, provided, however, there shall be a compensating adjustment in the foresaid liability in relation to the curtailment or



interference.

**20. PUBLIC UTILITIES BOARD**

The Company agrees to submit its business and operations pursuant to this agreement to the control and supervision of the Board in the same manner and to the same extent as if it were an owner of a public utility within the meaning of the *Public Utilities Board Act*.

**21. ASSIGNMENT**

This agreement and everything contained herein shall respectively enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns; provided that the Company shall not, without written consent of the other parties to this agreement assign or transfer this agreement or any rights, benefits or advantages to be derived therefrom to any person or corporation.

IN WITNESS WHEREOF the Parties hereto have hereunto affixed their corporate seals under the hands of their proper officers as of the day and year first above written.

Party #1	Rural Electrification Assoc. ..... President ..... Secretary .....
Party #2	Power Ltd. ..... President ..... Secretary .....
Party #3	Elected Representatives of the Rural Electrification Associations  President ..... Secretary .....