

LEGISLATIVE ASSEMBLY OF ALBERTATitle: **Tuesday, May 31, 1988 2:30 p.m.**

Date: 88/05/31

[The House met at 2:30 p.m.]

[Mr. Speaker in the Chair]

PRAYERS

MR. SPEAKER: Let us pray.

O Lord, grant us a daily awareness of the precious gift of life which You have given us.

As Members of this Legislative Assembly we dedicate our lives anew to the service of our province and our country.

Amen.

head: **NOTICES OF MOTIONS**

MR. SPEAKER: Member for Edmonton-Glengarry.

MR. YOUNIE: Thank you, Mr. Speaker. I rise to give oral notice of my intention to move, following the completion of Routine orders and before Orders of the Day is called and pursuant to Standing Order 40, that

the Legislative Assembly recognize May 30 to June 3 as Environment Week in Alberta, declare its opinion that the preservation and restoration of Alberta's natural environment, including clean air and water, is one of the greatest tasks facing the government, and commend those thousands of Albertans who selflessly devote themselves in voluntary effort to the ongoing project of defending the earth's biosphere and ecology.

I have copies for all members.

head: **TABLING RETURNS AND REPORTS**

MR. KOWALSKI: Mr. Speaker, I'd like to table three annual reports: the 1986-87 annual report of Alberta Public Safety Services, the 1987 annual report of the Alberta Environmental Research Trust, and the 1987 annual report of the Alberta Special Waste Management Corporation.

In addition, Mr. Speaker, earlier today I had the pleasure of being one of the judges in the annual Great Alberta Water Challenge. Five judges assessed the drinking water quality of five Alberta communities. The winner for the second year in a row is the city of Calgary.* At this time I would like to offer to you, sir, a sample of the best tasting drinking water in the province of Alberta. Enjoy. I might add as well, sir, that the hon. Member for Highwood has already put in an order for 12 gross.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. GETTY: Mr. Speaker, I'd like to introduce to the House today a grade 6 class from the Duggan elementary school in the constituency of Edmonton-Whitemud. There are some 59 students visiting with us today. They're in the public gallery. They are accompanied by their teachers Linda Neron and Arnold Ostfeld. I'd ask them to rise and be recognized by the Assembly.

*see page 1376

MR. DOWNEY: Mr. Speaker, it gives me pleasure this afternoon to introduce to you and through you to members of the Assembly, 28 grade 6 students from the Gus Wetter school in the town of Castor, my hometown. I'm happy to report that this bright group of young people was able to correctly identify the provincial flower and the provincial bird. They are accompanied by their teachers Wendy Dunkle and Glenn Goring, by parents Carol Gustafson, Mary Tirrell, and Dan Wood, and their bus driver Mr. Walter Turnbull. I would ask that they rise in the members' gallery and receive the warm welcome of the House.

MR. SPEAKER: Member for Edmonton-Belmont, followed by Ponoka-Rimbey.

MR. SIGURDSON: Thank you, Mr. Speaker. It's a pleasure today to introduce to you and to all members of the Assembly, 23 grade 6 students from J.A. Fife elementary school in the constituency of Edmonton-Belmont. They are seated in the public gallery, and they are accompanied by their teacher Mr. Tim Beechey. I would ask that they rise and receive the traditional warm welcome of this Assembly.

MR. JONSON: Mr. Speaker, today it's my pleasure to introduce to you and through you to members of the Assembly, representatives of the Alberta Home Education Association. They are here today for a meeting relative to Bill 27, the School Act. I wish to introduce Mr. David Stasiewicz, president, from Edmonton; Mr. David Dickey, vice-president, from Wainwright; and Mr. Harold Elias, executive member, from Calgary. They are seated in the members' gallery, and I would ask that the members of the group stand and we extend the traditional warm welcome of the Assembly.

MR. BOGLE: Mr. Speaker, it's a pleasure to introduce to you and members of the Assembly, three board members from the Alberta Agricultural Research Institute. These members are in Edmonton today for various meetings. They're in the members' gallery, and I would ask them to rise as they're introduced: Mr. Tom Towers of Red Deer, Mr. David Munro of Innisfail, and Mr. Don Althen of Del Bonita. Would members join with me in giving them the traditional welcome to our Assembly.

head: **ORAL QUESTION PERIOD****Ethanol Fuels Industry**

MR. MARTIN: Mr. Speaker, to the Premier. Ethanol produced from grain is an important competitor to petroleum-based fuel additives. Alberta farmers will tend to gain an important new market for their products if Alberta succeeds in taking advantage of the requirement for cleaner burning fuels into the next decade. The government, as the Premier is well aware, has produced two reports on the future of the ethanol industry in Alberta. But as we found out, both the reports were technically flawed, and they downplay the potential benefits of the industry to our province. My question to the Premier: is the Premier not concerned that the government's negative attitude and approach will cost jobs and investment in Alberta in this industry?

MR. GETTY: Well, I certainly would agree with the hon. member if the government did have a negative attitude to this potential industry, Mr. Speaker. We certainly do not. The member is right -- and it's been a subject of a great deal of discussion in the

House already -- that two reports did have some flaws. That's why the Minister of Agriculture is continuing his study and investigation of this matter, and we'll be doing an even more comprehensive assessment of the potential for Alberta.

MR. MARTIN: Mr. Speaker, if I may say so to the Premier, time is somewhat of the essence because other jurisdictions are moving ahead. For instance, the Premier may be aware that Ethanol Energies, who's been making the main proposals to the government -- and it's a Calgary-based company -- has apparently signed a deal to build a \$112 million plant in the United States, probably Utah. My question to the Premier: is the Premier not concerned that this Alberta company is going to invest in the U.S.A., creating jobs there and markets for farmers when this should be being done in Alberta? Is he not concerned about that?

MR. GETTY: Mr. Speaker, I would always want to have the greatest amount of investment in our province, obviously. The assessment that has been made to date shows that there is not an economic way of being able to produce ethanol that can allow it, even with government assistance, to stand on its own feet. Nevertheless, there are some balancing advantages that we want to assess clearly, and that's what the Minister of Agriculture is doing. I only point out to the hon. member that there is a tremendous number of companies from the United States who are coming to invest in Alberta, and we are pleased with attracting so much industry to our province. Nevertheless, we do not want to lose any as well. My understanding is that the company is still looking at investing in Alberta.

MR. MARTIN: Yes, Mr. Speaker, but the point that we make: the Premier says it's not economically viable, but it's happening in the United States; it's happening in other parts of the world. They're finding it economically viable. It's happening in Manitoba.

This particular company, I'm sure the Premier is aware, is interested in building a grain-based ethanol plant perhaps in the Vegreville/Lloydminster area. But they say, Mr. Premier, that they have never even received a proper reply to a business plan submitted to the government in September of 1987. Now, in view of the Premier's answers to the question and in view of the way that there seems to be a problem, would the Premier now personally look into this matter to assure himself that everything possible has been done to secure this very valuable industry for our farmers? Will he take it upon himself personally?

MR. GETTY: Mr. Speaker, in leading up to the final question, the hon. Leader of the Opposition made some comments about whether these companies that are investing in other jurisdictions are in fact doing it in an economic way. Our assessment of it is that they are not and that they require massive assistance and subsidies. Nevertheless, I am concerned that the hon. member has raised a point. I don't know whether he's heard it directly from the . . .

MR. YOUNIE: How about Daishowa? How about Alberta Newsprint?

MR. SPEAKER: Would you like to ask a supplementary later, Edmonton-Glengarry?

MR. GETTY: I would assume, Mr. Speaker, that having asked

the question, they would give the courtesy of listening to the answer.

Mr. Speaker, the hon. Leader of the Opposition has said that this company now feels they have never received an adequate reply. Now, that does disturb me, and if the Leader of the Opposition has either a letter or some information that I can follow up on, I certainly will. That comment by itself causes me to give him the commitment that I would certainly check into it personally.

MR. MARTIN: A supplementary question, Mr. Speaker. In terms of money that's been given out by the government, we didn't get loan guarantees with Gainers; we didn't get a lot of other guarantees, and people are wondering why we're looking for so much security from this particular company, but I take the Premier at his word about the other matter.

But my final question would be to the Premier. In view of the seriousness of the matter and in view of the fact that there seems to be a great deal of concern in rural Alberta and in view of the fact that the Premier said we're now going to study it some more, many people are saying that the time for study is over because the window of opportunity is leaving. Will the Premier give his undertaking to this Assembly that he will expedite the development of this industry and cut short the amount of study and move on with it or give an answer one way or the other quickly?

MR. GETTY: Well, Mr. Speaker, I felt I just dealt with this matter. I now am not so certain that the hon. Leader of the Opposition does in fact have any substance behind his comment that the company did not receive an adequate reply. I thought that if he had any evidence of that, he would provide it to the House if it is by letter or some personal comment from that company. If it is in fact interpreting, instead, something from a news report, I think that's a slightly different matter in terms of accuracy. Nevertheless, I will give the House this commitment that I'm going to look into the matter to make sure that we have adequately assessed it. If there is something we have missed, we certainly will check into it and see if we can do everything possible to encourage such an investment in our province.

I only want to point out to hon. members in the House that the government's record of bringing investment to this province is very substantial. There is now something in the order of \$14 billion to \$15 billion of investment either currently under way or about to start in this province. That's probably one of the largest commitments of investment to the future of this province, and an illustration of confidence in this province, than ever before, and we're extremely pleased that Albertans now can see that we've come out of the downturn and that this province is now building again for the future.

MR. TAYLOR: It's our money, Mr. Premier, our money.

Supplementary, Mr. Speaker, to the Premier. In view of the fact that the motor that makes ethanol economical in a market is higher quality air standards, could the Premier give the House his assurance that he will move and ask his Environment minister to move to rules that our air standards will be comparable with California and what Canada hopes in the late 1990s as early as possible, thereby making ethanol economical?

MR. GETTY: Mr. Speaker, one of the problems with such a simplistic approach as the hon. member now proposes would be the potential for putting people out of work and closing down

operations that are currently providing investment and jobs for Albertans. No, I won't give that commitment to him. I think he probably asked that relatively facetiously. I will give him the commitment, though, that this province and this government are growing for the future, that we've turned the economy around, that we are building this province now on the basis of the strength of the people and the resources being matched with the assistance of this government, and that he is going to see -- and he should start to look at the positive side of things for a change -- one of the greatest periods of growth in the history of Alberta.

MR. DOWNEY: Mr. Speaker, a supplementary to the Minister of Economic Development and Trade. I understand that a recent announcement was made in the state of Louisiana that six ethanol production plants would be closed down in that state because the state found itself financially unable to continue to support them. I was wondering if the minister could tell us if that result reached really bears out the conclusions that were reached in our government reports.

MR. SHABEN: Mr. Speaker, the Minister of Agriculture and the Premier have confirmed the approach of the government to the potential for the development of a viable ethanol industry in Alberta and that we are looking and searching out every possible avenue for that to occur. Our examination to date has confirmed that ethanol production cannot be economically viable unless it has a substantial ongoing subsidy. That's been determined in other jurisdictions. But should there be a breakthrough in terms of additional market opportunities -- for example, for feed or some other by-product of the production of ethanol -- it may be possible for the economics to change. But at this stage the economics of ethanol production simply do not exist.

MR. SPEAKER: Second main question, the Leader of the Opposition.

MR. MARTIN: Yes, Mr. Speaker, I'd like to designate my second question to the Member for Calgary-Mountain View.

Small Power Producers

MR. HAWKESWORTH: Thank you, Mr. Speaker. Two years ago the Premier gave his personal commitment that small power producers would be connected with all possible haste to the interprovincial electrical grid. More than three months have passed since this government received the report of a joint ERCB/Public Utilities Board inquiry into the viability of this industry. Given that this is one of the most exciting proposals for rural development in Alberta for many years, can the Premier tell us why it is that Albertans are still waiting for a decision from this government on this proposal?

MR. GETTY: Mr. Speaker, the Minister of Transportation and Utilities has been meeting on a regular basis with the Small Power Producers Association. I personally have talked to a variety of representatives and have continued to encourage them in every way possible. I'd like to see this potential for power production be established in our province. There are some wrinkles in the report that came from the Energy Resources Conservation Board and the Public Utilities Board that present some problems for them. Nevertheless, the government is working with them to have development by the small power producers as quickly as possible. The hon. member's support is helpful, and I will look

forward to seeing it continue to be there, should we be able to bring this proposal to fruition.

MR. HAWKESWORTH: Mr. Speaker, I was hoping the time for meetings was over and that the time had arrived for decisions to be made. The small power producers have indicated they'll need to receive 6.5 cents per kilowatt hour if their proposal is to be viable. To the Premier. Is it the intention of the government to establish this industry in Alberta by setting the rate at or near the level recommended by the producers, or is this government willing to miss out on this industry by setting a rate that's lower than that and making it unviable?

MR. GETTY: Well, Mr. Speaker, the hon. member has some rates in his mind. I don't know whether he has hit on the right one yet. There is a certain level that it appears would be a base, and anything above that would be surplus to the needs. He should remember, of course, that whatever rate is set, it's going to have to be paid by the users or the taxpayers, if it's in some form of a subsidy or whether they wish to invest the dollars into research and potential development in this area.

For my part, I think it might well be a good investment on behalf of consumers to take some additional dollars at this stage. But the hon. member has to realize that he is suggesting a level and a commitment of dollars that would be put up by the taxpayers or consumers, and we would want to make sure that we don't ask them to carry that load unless we are sure that there are potential benefits.

MR. HAWKESWORTH: Well, Mr. Speaker, I think what the small power producers would like is a price equivalent to the cost of a coal fire plant constructed by the big utilities. Could the Premier confirm, just in terms of the proposal that he's looking at, whether the schedule they're likely to announce will include a regular rate of increase or an inflation index during the implementation phase, again in order to get this industry established and off the ground and providing economic development throughout rural Alberta?

MR. GETTY: Mr. Speaker, the hon. member is now getting into some details, and while they are matters that I have been dealing with, more on a detailed basis the Minister of Transportation and Utilities could reply to the hon. member. I would only say this to him: if it appears that we can move ahead on this, we'll move ahead in a way that makes it happen and hopefully very successfully. But he's now into inflation comments and so on for the future, and I'll ask the Minister of Transportation and Utilities to reply to him.

MR. ADAIR: Mr. Speaker, I guess in response to what may in fact be considered, there are three alternatives currently being considered. One is the alternative supported by the Small Power Producers Association headed by Mr. Orrin Hart. Mr. Hart and Mr. Dale Johnston were in my office as recently as last Thursday discussing a number of the issues that relate to the proposal and where it might be at. I suggested at that time that we were down to three alternatives, and I would hope that within the period of three weeks from that time we may be able to have something.

MR. HAWKESWORTH: Well, Mr. Speaker, apparently one of those proposals has to do with the fact that the big utilities can set themselves up as small power producers to take advantage of

the new proposal. I wonder whether the government's proposal will in the end allow for that option or whether they will see it for what it is, as a ludicrous and self-defeating provision, and not proceed any further than beyond the discussion stage with that.

MR. ADAIR: I'm not sure what the question was.

MR. SPEAKER: That was the question.

Additional supplementary, Member for Westlock-Sturgeon.

MR. TAYLOR: Yes. This is back to the Premier, Mr. Speaker. Is the government's reluctance to make a decision tied in any way to the possibility that they are thinking of junking EEMA, or the equalization of electrical rates all around the province?

MR. GETTY: First of all, Mr. Speaker, there is no reluctance to making the decision. The key is to make the right decision, not a fast one. I would only add to that that there has been no consideration of junking EEMA.

MR. SPEAKER: Leader of the Liberal caucus, main question.

Treatment Facilities for Disturbed Children

MR. TAYLOR: Yes. Thank you, Mr. Speaker. My main question today is to the Minister of Social Services. Despite noises from the Department of Social Services a couple of weeks back that the Bosco youth ranch argument was coming to some resolution, the ranch has still not been receiving referrals. Could the minister clarify for the House whether it is the Edmonton office or the department itself that is blackballing the use of Bosco?

MRS. OSTERMAN: Mr. Speaker, there is nobody blackballing the use of Bosco.

MR. TAYLOR: Mr. Speaker, somebody's doing it. You've got empty facilities there.

Mr. Speaker, a supplementary. Who ultimately makes the decisions on whether Bosco is utilized at all? Is it the Edmonton office or is it the minister?

MRS. OSTERMAN: Mr. Speaker, each region is responsible for seeing that there are facilities to care for the children that would become our responsibility, so there are six regions in the province. Five regions have the capacity to refer to Bosco because they have not necessarily, in their view, achieved all the facilities that they would sometimes like to have. In the case of the Edmonton region, there is an Edmonton children's plan. I'd be happy to provide it to the hon. member, and he will see that there has been a great deal of planning for the past two years go into services for children, and in fact Bosco is not a facility that is needed right now.

MR. TAYLOR: Mr. Speaker, because many parents would disagree with that and cannot seem to get their young lads who are having drug problems and others into Bosco, would she be able to tell this House whether she has any input, then, into the Edmonton office? Are they completely free to do as they like on that?

MRS. OSTERMAN: Well, Mr. Speaker, I think it's important

to note that the Department of Social Services cannot guarantee the viability of everybody who sets up a facility in this province and advertises their services. Bosco, I'm sure, has very good services. But the department and each region is charged with the responsibility of having a budget in place and living for the most part within the means of that budget. I believe it is a very responsible action for the Edmonton region to have planned very carefully for those services, and it is not up to them to guarantee the viability of another care giver who decides to build in the region.

MR. TAYLOR: Mr. Speaker, those are just not in accord with the facts.

Would the minister be prepared to override the Edmonton office if there are requests directly to her from people wanting to have people in the Bosco facility? Would she override the Edmonton office?

MRS. OSTERMAN: Mr. Speaker, the Edmonton region has its share of professional people who plan very carefully the services delivered to children, and those services have been planned very carefully. It is unfortunate that not all care givers in the province have their facilities filled. I can assure the hon. member that many people come forward and say, "If you would only just send some of the children to us, we could maintain a viable facility." It is not always possible.

MS MJOLSNESS: A supplementary to the minister. In view of the fact that the Edmonton region has adopted a philosophy of deinstitutionalization, why has the department not provided adequate community services for these children?

MRS. OSTERMAN: Mr. Speaker, I think the department is moving in the right direction, and, as always, we can say that we would like to have more services for children. We've certainly expanded a great deal the in-home services for troubled families and youngsters, but as always there are times when there'll be waiting lists. The number of services don't necessarily match on a day-to-day basis the number of people who are coming forward.

Business and Community Development Program

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Career Development and Employment, and it's with regards to the Alberta business and community development program; in short, ABCD. My concern is with regards to the grants to various private businesses going out on what I consider a rather ad hoc basis and also maybe contrary to the program guidelines. I cite as examples the Pyramid Lake Bungalows, Wilderness Village, and the Tallcree Indian Band. My first question to the minister is: could the minister confirm that these grant recipients are all private organizations engaged in private business?

MR. ORMAN: Mr. Speaker, if the question is whether all grant recipients under ABCD are private organizations, the answer is no. As the title indicates, it's Alberta business and community development.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. Could the minister indicate why in the guidelines under section B(k) it says, "proposals cannot be of a direct profit

making nature," but in some of the grants provided so far -- the examples cited -- they are profit-making private enterprises. Could the minister indicate the contradiction in the guidelines and the allocation of funds?

MR. ORMAN: Mr. Speaker, I'm pleased that the hon. member has brought it to my attention, and I'll look into it and report back to him.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Could the minister indicate to the Assembly in terms of universality of the grants available through this program whether all small businesses across the province would qualify if they are in stages of expansion and providing a broader community benefit, as outlined by the guidelines?

MR. ORMAN: Mr. Speaker, the Alberta business and community development program I believe, if my memory serves me correctly, has a \$7.3 million budget for '88-89, and we estimate that there will be between 1,500 and 2,000 jobs created as a result of that budget.

The program is designed to fund the labour side of any construction project; that is, to stimulate employment and to keep the tradespeople busy during a period in the past of economic stagnation. So it's designed to fund the labour component. In terms of the guidelines I would say that everything else being equal, the individuals that the member brings forward would qualify under this program.

MR. R. SPEAKER: Mr. Speaker, a supplementary for clarification. In my town of Vulcan a hardware store and grocery store owner, Bill Yee, has just expanded his business, and very well. To the minister. Using that as an example, could the minister indicate that small businesses such as that would qualify under this program for grants?

MR. ORMAN: Yes, Mr. Speaker.

MR. SPEAKER: Calgary-Buffalo, supplementary.

MR. CHUMIR: Yes. I'm wondering whether the minister could clarify the decision-making process in what appears to be a rather arbitrary program which is perhaps subject to abuse. Does the minister personally approve all applications, for example?

MR. ORMAN: No, Mr. Speaker.

MR. SPEAKER: Main question, Cypress-Redcliff, followed by Edmonton-Glengarry.

Heavy Oil and Oil Sands Development

MR. HYLAND: Thank you, Mr. Speaker. My question today is to the Minister of Energy, I understand that the minister met with his federal counterpart today, and I wonder if he can inform the Assembly if there is any new news on OSLO, or the Other Six Lease Operators, in the Fort McMurray area regarding the expansion or development of those leases.

MR. FOX: Tell us the good news about Husky first.

DR. WEBBER: Well, Mr. Speaker, I'll begin by indicating how

pleased we are with the activity in the heavy oil and the oil sands areas since world oil prices have begun to recover, with over \$1 billion worth of projects in the last year and a half in that area. We also invited proposals from the private sector, and OSLO was one of the ones that came forth.

I met with my federal counterpart last Friday and again on Monday of this week, when we discussed federal/provincial participation in the project. Monday we left with the federal minister a proposal that he will take to his colleagues, and the discussions will continue further after their analysis.

MR. HYLAND: A supplementary question. I wonder if the minister can share with us any details of the discussion. Especially: are we in a position that we're getting roughly the same amount developing heavy oil as what the announcement was relating to offshore oil off Hibernia?

DR. WEBBER: Well, Mr. Speaker, I'm not going to get into the details of how governments would participate in the project, other than that standing alone at today's prices the project is uneconomic. However, with prices in the low \$20 U.S. the project would become an economic one, and it's our expectation that prices would certainly be in that range by the time this would come on stream.

It's a \$4.1 billion project for production of 75,000 barrels of oil per day. It creates over 15,000 jobs, 9,000 during the construction period -- that is, direct and indirect jobs -- and certainly would add significantly to the economy not only of this province but of other parts of the country as well.

MR. HYLAND: Mr. Speaker, I wonder if the minister could inform the Assembly how security of supply or future supply and market would affect this, especially operations going along with free trade?

DR. WEBBER: Well, as all hon. members know, Mr. Speaker, the United States is running out of oil supplies and will be more and more dependent upon other sources. We as a neighbour of the United States with the potential that we have think that the U.S. looks very good in the future. Certainly the free trade agreement will be very helpful in that regard in terms of access to those markets and also in terms of Americans investing in this country for future supplies. With the potential of our oil sands, with reserves greater than the reserves of the entire Middle East, the United States can't help but look to this part of the world to depend upon future supplies.

MR. HYLAND: Final supplementary, Mr. Speaker. Being as the Member for Vegreville wanted me to ask this part of the question, I wonder if the minister can update us: was there any discussion related to the Lloydminster refinery?

DR. WEBBER: Mr. Speaker, we have an agreement with the federal government and Saskatchewan and Husky relative to the biprovincial upgrader in Lloydminster. We made the announcement some weeks ago, which would certainly have significant economic benefits for that part of the province as well as for this area. It is now up to Husky to find a private-sector partner, and Husky is meeting with potential partners. My expectation is that we'll have construction under way before the end of the year.

MR. PASHAK: Mr. Speaker, to the Minister of Energy. Will the minister now give us his commitment that all of the heavy

oil produced at the OSLO project will be completely refined here in Alberta?

DR. WEBBER: Mr. Speaker, this is a new twist to the OSLO project. The OSLO project is a mining, extraction, and upgrading process: all three processes built into one. We end up with a light synthetic crude oil which is very marketable. We have refineries in this province, and our pipelines are taking crude oil to refineries elsewhere as well. We feel that we want as much upgrading as possible in this province, and that's why we're very pleased with the upgrading aspect related to that.

We have other proposals before us right now that are in the area of having upgrading facilities attached to refineries. Certainly the more we can add value to our products in this province in the future, the happier we'll be.

MR. SPEAKER: Westlock-Sturgeon.

MR. TAYLOR: Mr. Speaker, thank you. It's back to the minister on the original thing, on OSLO, and the environmental effects. Could the minister enlighten the House as to whether the methods used in OSLO will result in the huge tailing ponds of sodium hydroxide? Also, how many tonnes of sulphur each day will be put into the air from the proposed plant?

MR. SPEAKER: That's too detailed for question period.

DR. WEBBER: Well, Mr. Speaker, the hon. member may want to put on the Order Paper some of those questions.

In terms of the development of OSLO, OSLO is working very closely with AOSTRA and the Department of the Environment relative to how we can improve the technology for that project to reduce the environmental impact. It may be possible. The hon. member raised this question the other day in the House, I believe, relative to how we can improve the situation with the tailings pond, and some of the technologies that have been discussed are such that there would be no requirement for a tailings pond. I'm not aware of the technology to the degree that I'd be able to answer the question definitively right now whether one is or is not required.

MR. SPEAKER: Edmonton-Glengarry, followed by Calgary-Buffalo, Vermilion-Viking, Edmonton-Calder.

Timber Quotas

MR. YOUNIE: Thank you very much, Mr. Speaker. The Minister of Forestry, Lands and Wildlife has indicated that many foreign firms are lined up to exploit our forest resources, perhaps even more than we have forests for. This may bode well for a government intent on creating a forestry boom just before an election, but it causes great concern for small producers, especially native companies trying to deal with the Native Venture Capital corporation. I'd like to ask the minister about some protection for these small producers. Will the minister consider, for instance, preventing large FMA holders from having concurrent access to additional timber quotas so that small producers can access more timber?

MR. FJORDBOTTEN: Mr. Speaker, our government's view has always been to look at the long term in forestry projects; it isn't something short-term we're looking at at all. The small operators, the small independent operators, as well as the large

companies: it's a good intermix and that's what you want to see. We want to see all forestry projects as diversified as possible. It certainly helps take the swings out of the marketplace when we have that diversification, and the small operator plays a very major role in that piece.

MR. YOUNIE: And they're very much afraid they're going to be squeezed right out of the mix.

Considering the difficulty the small operators have getting secure tenure to lumber and especially the problems native-owned companies have getting money from Native Venture Capital corporation for forestry operations, will the minister consider for any area where FMAs are being granted, that 25 percent of the available timber in that area be excluded from FMAs for use by small producers?

MR. FJORDBOTTEN: Mr. Speaker, within some of the FMAs there are quota holders now. With respect to anything that we can do to work with small operators, I meet with them on an ongoing basis and with the Alberta Forest Products Association. Certainly we want to do all we can to see that they're enhanced and that their position in the future is secure.

MR. YOUNIE: Thank you. I was speaking specifically of long-term tenure to give them some security.

As a result of the contentious and rejected bid for four timber quotas by Erith Tie in Edson, is the minister planning a thorough review and revamping of the tender and bidding process to prevent political interference and favouritism?

MR. FJORDBOTTEN: Mr. Speaker, I've been working on an ongoing review of that particular quota sale. I asked the Alberta Forest Products Association to give me their advice and the advice of their members, which includes both large and small operators. I'm reviewing that advice now.

I believe there's some urgency to move forward fairly quickly with doing something in that particular area. I've been working very closely with the MLA who represents that area to see that we can see a project go forward in the Edson area. Mr. Speaker, we're moving with all due haste to try and accomplish that fact.

MR. YOUNIE: Part of the problem was too close a contact, I think.

Considering that newer technological standards are making it difficult for some smaller operators, is the minister considering a program of technical and financial assistance to small timber operators to help them upgrade technologically and compete with larger multinational operators, upon whom this government practically forces unconditional money?

MR. FJORDBOTTEN: Well, with respect to his last comment, that's absolute nonsense. To make a statement like that is absolutely foolish.

Our government always works with small business and small operators through the department of economic development and my own to be helpful to them. But am I considering any special and unique program right now? The answer is no, Mr. Speaker.

MR. TAYLOR: Mr. Speaker, to the minister. Has the minister fixed in his mind -- referring to the Erith Tie area, the turned down Tie area -- whether or not, first of all, he's going to use competitive bidding, and secondly, is there a deadline that we're

working towards?

MR. FJORDBOTTEN: Mr. Speaker, with respect to competitive bidding, that is an option. There are probably two or three ways that could be approached. I've been working with the MLA to come out with something that would be, I believe, competitive for the area and would try and maximize not only the project that's there but the value adding that may take place. So I'm working on that with all due haste.

MR. SPEAKER: Calgary-Buffalo, followed by Vermilion-Vikbg and Edmonton-Calder.

Heavy Oil and Oil Sands Development (continued)

MR. CHUMIR: Thank you, Mr. Speaker. To the Minister of Energy. We all favour development of our tar sands and heavy oil resources, but many Albertans can't understand why hundreds of millions and perhaps billions of our dollars are being used to assist large oil and gas companies -- and mainly foreign ones -- so that they can develop megaprojects which are clearly uneconomic in order to export oil to the United States. Last month it was the Husky upgrader, and now we hear about the government proposing special deals for OSLO and perhaps the Syncrude expansion. To the Minister of Energy. Can the minister tell us why we're ready to spend such huge sums in terms of grants, loans, and special royalty and tax breaks to push projects such as OSLO and the upgrader, which he admits are uneconomic and which oil companies won't tackle without our help? What happened to free market decision-making?

DR. WEBBER: Well, Mr. Speaker, I'm assuming from what the hon. member is saying that if he had his way, he would see these projects not begin until possibly many years down the road and thus lose the jobs and the activity in this province. We are not going to see that happen. We're going to see these projects go ahead. We're going to invest our money in the future of the oil sands and the heavy oils. It is not money given to the large oil companies; it's money invested. We're prepared as a government to share some of the downside risk but at the same time get in on the upside gains. So all these projects are negotiated on the basis of sharing these risks. Then when world oil prices rise, the provincial government would more than get back a fair rate of return when the world prices reach a level where the projects are profitable.

MR. CHUMIR: Well, it really looks like we're taking risks which the oil companies won't take and which could cost us dearly. I'm wondering whether the minister could tell us: since these megaprojects are really geared to exporting oil to the United States, which is the main beneficiary, why don't we make a deal with the United States and users in order to have them finance the megaprojects in return for guaranteed supplies? Has the minister discussed that possibility?

DR. WEBBER: Well, Mr. Speaker, I'm not sure the hon. member understands the situation relative to how these projects proceed. First of all, the main beneficiaries to development are Canadians and Albertans. These projects, in going ahead, are creating jobs in this province and creating jobs in other parts of the country. I mentioned just a few minutes ago, for example, the OSLO project: some 15,000 jobs created by that project.

9,000 in construction, demands upon our engineering profession in this province and also on construction trades.

Mr. Speaker, as I indicated in my answer to the first question, we are going to see these projects go ahead, create the jobs and the economic activity, help our country in the balance of trade payments when further productions come on stream. It certainly adds to our supplies of energy in the future. Americans are investing in oil developments in this country, and with the free trade agreement in place we expect to see more investment coming from that part of the world.

MR. CHUMIR: We all want jobs, but we're concerned that they're based on wishful thinking and perhaps madman economics. I'm wondering whether the minister can assure Albertans that we will get a full piece of the equity for any help we give to the OSLO project and not provide a sweetheart deal as we did with the Husky upgrader, when we took half the risk and got merely leftovers for our share of the return?

DR. WEBBER: Again, Mr. Speaker, the hon. member either hasn't looked at the details of the Husky agreement or he doesn't want to understand it. As I indicated previously, we are prepared to work with the private sector in sharing the downside risk, but I assure the hon. member and other members in this House that we're also going to be part of the upside gain in these projects. So there will be no sweetheart deals. They will be deals where we will create jobs. Also, the taxpayers of this province will receive a significant rate of return on that investment in the future.

MR. CHUMIR: Well, no, I haven't looked at the deal because we can't get a copy. What we're told indicates . . . [interjections]

MR. SPEAKER: Supplementary question, Calgary-Buffalo.

MR. CHUMIR: To the Premier, Mr. Speaker. The Premier stated last month that Alberta is prepared to go it alone in order to make the Husky upgrader work, and I'm wondering whether this is still the government's position. Does this mean that we're prepared to establish our own mini Petro-Can for this project?

MR. GETTY: Actually, Mr. Speaker, I wouldn't mind if the hon. member quoted me, but I would wish he would quote me accurately. What I said last month was that the government of Alberta would be willing to invest in an equity participation in the upgrader in Lloydminster because we think it's an excellent opportunity to invest in the future of Alberta's resources.

I take it from the hon. member's questions today that we can tell the people of both Lloydminster and Fort McMurray that as far as the Liberal Party is concerned, they will not support the projects in either of those communities.

MR. SPEAKER: Vegreville.

MR. FOX: Thank you, Mr. Speaker. I'd like the Premier to explain how, when they talk about giving millions of dollars of taxpayers' money to oil megaprojects, they use words like "development incentives" and "downside risk," yet when they consider giving some public participation to an important agricultural industry like ethanol, they use words like "subsidy."

MR. GETTY: Well, Mr. Speaker, the hon. member might want to draw that allusion, but that's not so at all. As a matter of fact, if we could find a way, by either guarantee or equity participation, to support the ethanol industry, we would. The fact of the matter is that even with the assistance, there are no economics. So the hon. member unfortunately is trying to draw a comparison that just doesn't stand up.

MR. SPEAKER: Vermilion-Viking, followed by Edmonton-Calder, if there's time.

Tent Caterpillar Control

DR. WEST: Thank you, Mr. Speaker. To the Minister of the Environment. There's a real concern in Alberta today with the devastation of our trees from the severe outbreaks of the tent caterpillar, both this year and other years. The only practical control of these has been the use of chemicals by ground or aerial application. Can the minister advise what role the department is playing in order to facilitate the public in the control of this pest today?

MR. KOWALSKI: Mr. Speaker, Agriculture Canada approves for usage in this country certain chemicals. What Alberta Environment does is basically enforce the usage of those chemicals within the province of Alberta and, as well, provides the licences and permits pursuant to that federal statute.

DR. WEST: Well, there's a little confusion going on. Would the minister indicate why the provincial pesticide chemical branch has issued a letter to those licensees -- aerial applicators and other people in the province -- stating a limited usage of Malathion, Diazinon, or Sevin, as to their label restrictions. Could you indicate why they did that?

MR. KOWALSKI: Mr. Speaker, in the early part of May of this year Agriculture Canada informed us that there were three particular chemicals that could not be used for aerial spraying in the province of Alberta or, for that matter, in the country of Canada. The three were Malathion, Carbaryl, and Diazinon. They are not permitted for aerial spraying. They can be permitted, however, for local spraying from the ground. Aerial spraying means loading them in an aircraft and spraying large quadrants of the province of Alberta, particularly in residential areas.

DR. WEST: Well, there are some taking issue with the fact that it's not stated specifically. It says that it's just not to be used around residences. The insinuation says that the federal government is not making a relabeling restriction on the chemical companies, but only saying that where those labels do not indicate use around residences, they can't be used. Could the minister say whether he's going to have that clarified with the federal government?

MR. KOWALSKI: Yes, Mr. Speaker. Alberta Environment's been in contact with Agriculture Canada for clarification of that, but the utilization information on labels clearly indicates that aerial spraying in residential areas is not to be permitted, and it's that position Alberta Environment has issued in its recent notice to applicators in the province.

MR. SPEAKER: The time for question period has expired. Might we have unanimous consent to complete this series of

questions?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you.
Vermilion-Viking, one final supplementary.

DR. WEST: Well, could you then point out to the public of Alberta and make a statement that it's safer to use ground application than it would be aerial application.

MR. KOWALSKI: Well, Mr. Speaker, that information has been provided in recent weeks. It's been provided in the last two years, certainly, since I've been the Minister of the Environment, in terms of the reduction in the usage of chemicals we have in the province of Alberta, but I will take under advice and advisement the suggestion by the hon. member that we should do more in order to communicate that message to the people of Alberta and would do so by way of a public statement.

MR. SPEAKER: Thank you.
Edmonton-Glengarry.

MR. YOUNIE: Thank you. The minister has expressed his preference to me for *Bacillus thuringiensis* over Malathion. I'm wondering if he's planning to do any experimental applications this year to test its effectiveness on all sizes of the tent worm caterpillar.

MR. KOWALSKI: Well, Mr. Speaker, that's under way. In addition to that, there are a number of chemicals that can safely be used for aerial spraying in the province of Alberta, including Dipel 132, Dipel 88, and Thuricide. They're all chemicals that are able to be used in the control of tent caterpillars in our province.

MR. SPEAKER: There are a number of issues to be dealt with with regard to the operation of the House. First the Chair recognizes the Minister of the Environment with regard to some information given to the House earlier today.

MR. KOWALSKI: Mr. Speaker, earlier today I presented to you a sample of water as a result of the winner of the Great Alberta Water Challenge 1988, and I inadvertently, because I have it etched in the back of my mind that Calgary should win something, sometime, indicated that Calgary had won.

MR. SPEAKER: Wait just a minute. Let's get to the main issue.

MR. KOWALSKI: Well, Mr. Speaker, what I was trying to point out was that I would wish that Calgary would win something. Unfortunately, Calgary is not the winner in 1988. The winner in both 1987 and 1988 is the city of Lethbridge.* I want to convey my apologies to the mayor of Lethbridge and the two MLAs from Lethbridge, and I sincerely hope that Mayor Klein has not in the last 50 minutes gone out and printed a whole bunch of signs.

MR. GOGO: Mr. Speaker, there's something awkward with my PA system. I didn't hear that. Could the hon. minister repeat

*see page 1369

the city that won?

MR. SPEAKER: The Chair recognizes Edmonton-Highlands with respect to an issue yesterday.

MS BARRETT: Thank you, Mr. Speaker. Yesterday in Oral Question Period while I was discussing the matter of inner-city housing with the minister responsible -- that is, the Solicitor General -- I said that I had sent him a letter. In fact, I checked my records this morning, and it turns out that the letter I had sent some months ago was to the Minister of Community and Occupational Health. So the minister was indeed correct.

Thank you.

MR. SPEAKER: The Chair wishes to point out to the House that last evening an exchange took place whereby one of the members in the House made a comment with regard to provincial judges, and on examination of the Blues, it is a borderline comment which could seem to be seen as casting some degree of criticism with regard to provincial judges. The Chair therefore would remind all members of the House that such comments are indeed totally out of order, totally uncalled for, and the relevant sections in *Beauchesne* are:

321(1) All references to judges and courts of justice of the nature of personal attack and censure have always been considered unparliamentary, and the Speaker has always treated them as breaches of order.

And

316. . . . a Member, while speaking, must not: . . .

- (h) cast reflections upon the conduct of Judges of Superior Courts, unless such conduct is based upon a substantive motion.

Last evening in the Chair the Deputy Speaker called the Member for Athabasca-Lac La Biche to order for some comments. The Blues have been examined. The Chair takes this as being sufficient warning to all quarters of the House and is certain that all members will indeed keep themselves from further comments or aspersions in that regard.

The Chair now recognizes the Member for Edmonton-Glengarry with respect to a request for unanimous consent under Standing Order 40.

MR. YOUNIE: Thank you very much, Mr. Speaker. Under Standing Order 40 I move the motion:

Be it resolved that the Legislative Assembly recognize May 30 to June 3 as Environment Week in Alberta, declare its opinion that the preservation and restoration of Alberta's natural environment, including clean air and water, is one of the greatest tasks facing government, and commend those thousands of Albertans who selflessly devote themselves in voluntary effort to the ongoing project of defending the earth's biosphere and ecology,

I believe that the motion speaks for itself and, instead of taking an undue amount of time of the Assembly, would merely request the support of all members of all parties.

MR. SPEAKER: There is a request for unanimous consent under Standing Order 40. All those in favour, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. The motion carries unanimously.

Member for Edmonton-Glengarry, speaking to the motion.

Call for the question?

HON. MEMBERS: Question.

[Motion carried]

ORDERS OF THE DAY

MR. SPEAKER: Might we have unanimous consent to revert briefly to Introduction of Special Guests?

HON. MEMBERS: Agreed.

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MRS. BETKOWSKI: Mr. Speaker, I believe seated in the public gallery is a group of students from the St. Rose school, located in the constituency of Edmonton-Glenora. Twenty-nine students are accompanied by their teacher Mr. Bill Kobluck. I look forward to meeting them subsequent to the proceedings today, and I would ask them to rise and receive the welcome of the Assembly.

MR. SHRAKE: Mr. Speaker, I wish to introduce a delegation of businesspeople from Sichuan province. That's the silk province of China. They are in Alberta examining prospects for joint venture investment. Today they'll be meeting with the Minister of Economic Development and Trade, the Hon. Larry Shaben, I'd like them to stand and, as I call their names, remain standing to receive the warm welcome of this Assembly. We have Mr. Chen Xi Shen as the leader of the group, and also Tong Xi Chun and Mr. Han Jia Long. They're from the Sichuan Changjiang Business Enterprises Corporation. Also we have Mr. Xue Lun Duan from the Chengdu Silk Corporation and Mr. Hao Yan Gao from the Sichuan Silk Corporation. They're accompanied by Mr. Charence Chiang and Mrs. Viginar Lui, two of our good businesspeople from Calgary, and also Murray Rasmussen, our assistant deputy minister, I wonder if we could give them the warm reception of the Legislature.

MR. YOUNG: Mr. Speaker, I would move that written questions 193, 195, and 196 stand and retain their place on the Order Paper.

[Motion carried]

MR. YOUNG: Mr. Speaker, I would move that motions for returns 190 and 197 stand and retain their place on the Order Paper,

[Motion carried]

head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

211. Moved by Mr. Hyland:

Be it resolved that the Legislative Assembly urge the government to undertake a review of the mandate of the Public Utilities Board and its effectiveness in fulfilling that mandate.

MR. HYLAND: Mr. Speaker, I'm pleased to participate in open

debate on Motion 211. I had brought forward a similar motion last year, and I think it's time again, although as debate goes on, I'll get into some of the things the board has been doing in the last year to inform people of its actions.

First, I'd like to welcome in the gallery the chairman of the Public Utilities Board who's come over this afternoon to listen to the debate, Mr. Ackroyd, and his assistant. If we could welcome them to the Assembly.

I realize, Mr. Speaker, I should have asked for unanimous leave, but nobody said no, so I guess we got away with it once anyway.

Mr. Speaker, the government has done reviews on a great many things in the last couple of years: organizations and boards that were set up a number of years ago and hadn't been reviewed to that time; such boards as the Alberta Agricultural Development Corporation, a review that we spent a long time doing and a lot of time discussing after it was completed and originated in some changes to policy. The crop insurance corporation was reviewed by a board composed of the public and Members of the Legislative Assembly, which resulted in a substantial change to the crop insurance coverage in the province and suggested changes that will be forthcoming if negotiations continue. I think it showed, Mr. Speaker, that a review is good and many times good ideas come out of reviews. This is again why I'm suggesting that we go forward with a review of the Public Utilities Board, so that the public and others who participate in hearings of the board have a chance to make their comment relating to how they think we could improve the operation of that board.

I should also say that I'd like to thank a researcher who worked on this, Shaun Mellen, who spent a lot of time, went over to a number of hearings on the board, and met with the chairman and various board members to prepare information for this motion.

Mr. Speaker, we go back even as far as 1980 when we look at information that was prepared in comments relating to the board and information prepared from a meeting that was held back that far. When we see suggested powers of the board or how powers of the board should be interpreted, we see comments like:

Regulatory agencies are and should be independent of government in the impartial exercise of their adjudicative functions.

We also look at suggestions that say:

Regulatory agencies are able to provide a great deal of technical expertise in the exercise of their functions.

Mr. Speaker, it goes on to a couple more suggestions on what they should be, ending with the fourth one:

Regulatory agencies are able to administer minor matters of a repetitive nature, not requiring final resort to the Minister, more expeditious than government because of the delegation of final authority to such agencies.

So, Mr. Speaker, I think that kind of outlines what the powers of a regulatory agency could be, and as debate goes on I will explain how I feel the Public Utilities Board has worked within these guidelines.

One of the comments that came up back that far, and it's come up lately again, is:

In the absence of an effective dialogue between government which formulates policy and the agencies created by the government [is] the risk of conflict,

and how and if that conflict is present in an announcement by government and then a reviewing of that announcement by an agency to put it in effect or set the dollar totals on it and how they work together or don't work together. Again, that portion

I'll get into later, and I'll use, for example, the individual line service announcement of the government of a couple of years ago.

Mr. Speaker, also there is the possibility, at least in my understanding, of the Public Utilities Board and the Energy Resources Conservation Board -- how the two relate together in the setting of the price on electric power and the need for setting up facilities to create that power. I understand it's theoretically possible that the Energy Resources Conservation Board could authorize construction of a facility and then the PUB could look at the information presented to it and not allow that to be built in the rate base, because the information they have may say it's not needed at this time. Those conditions and worries were expressed by the Industrial Power Consumers Association of Alberta, and in talking to some of its membership, that is one comment they have relating to the Public Utilities Board. They're very concerned about the way the two work together in that area -- is one overlapping the other? -- and they're suggesting a way that one group would have both duties so it could be performed and one would know what the other is doing rather than trying to adjust to what the other has done. I suppose we'll see as time goes on the setting of what new generating facilities come into place. I believe as of late the Energy Resources Conservation Board has said that part of the Genesee project would kick in before the second Sheerness one would kick in -- how that's going to affect the system. It's at least my understanding that the logic used was that Genesee wanted more money spent on it.

So what we've done in reality is: those people who went ahead and spent it and developed a thing when they knew they weren't the next in line were rewarded. Those who didn't, who continued to plan, continued to design but didn't start to build until the time was necessary, have been penalized for good management. Now, the one board has said that they can go ahead. The big task going to be facing the Public Utilities Board is setting the dollar rate and working that into the system and how that works into the system. I think it's unfair in some ways that this has happened, and maybe this would be a good example of: if one board was doing both, they would be able to know the numbers and know why it was set that way further back and why the scheduling came along. They'd be able to work the amount and the return into our rates a lot better.

[Mr. Deputy Speaker in the Chair.]

Mr. Speaker, I think I've outlined most of the feelings that particular group, the industrial power users, has and what their concern is on that. I think it's a concern expressed by many, so that we wouldn't get repetition costing us excess dollars in our rates.

Mr. Speaker, also back as far as 1978 in a meeting that was held with people involved in municipal governments and other groups related to the Public Utilities Board, we heard the same thing we hear now, that the people conducting the meeting were told that consumer interest groups were reluctant to participate in the energy regulatory process unless they could be guaranteed that some of their costs for participation would be covered. We know they often are, but there's no guarantee beforehand that they will be covered, so to prepare properly they have to invest a great deal of money in developing their appeal. Groups are often concerned that they won't get a return on that amount, and they don't have that kind of money available for participation and developing an argument and going forward with that argument. Again, back that far it was also suggested that maybe

something similar to the hon. Member for Red Deer-South's motion two years ago of a consumers' advocate would be developed, in that it would be better management of time and facilities and people if intervenors together could use professional resources organized on a co-operative basis rather than independently so that would cut the costs. But I suppose the big problem there is that everybody that would be arguing a raise or against a raise in utility rates, be it electrical or gas or, I suppose, even milk rates as set by the board, would be approaching it from different angles. So the problem with a co-operative system may break down.

One of the things that was found to happen, and was suggested be done after that meeting that far back, was that it was important to make a policy statement as soon as possible because these groups were still skeptical of whether they would be able to work together to participate and whether anything would happen as a result of this meeting way back then so they could develop something and *work* together in appearing before the board. As of yet, Mr. Speaker, we're still waiting for that policy statement on what we can do to have people better informed when they appear before the Public Utilities Board.

At the invitation of the chairman, I attended a morning hearing of the Public Utilities Board and found it very informative and very interesting. The last time, or the time before, I made some comments about what people had told me of their feelings when they appeared before the Board in years past, in that in a court of law you can appear and defend yourself and you're not looked down upon -- their feeling that at the board hearing they appeared at they weren't an expert and were looked down upon, and it wasn't the same feeling. You didn't have the same ability to defend yourself in a court of law.

I have to at least express my views of that hearing, in that I didn't feel uncomfortable being there with the chairman running the hearing. It was a relaxed atmosphere. But the experts were there. They were asked the questions. There was a full opportunity for anybody, if they wanted to participate, to ask a question. I didn't have that feeling there, and I have to say that publicly. But as I said previously, I was expressing views others had told me about their appearance before that board. I've been told by such groups as the industrial gas users, people who have been before the Public Utilities Board for many years, that the feeling is different. The board is attempting and trying very hard to make changes.

Quoting from a speech the chairman made on January 14 at the Westin hotel in outlining the feeling of how the hearing is operated, I read at the beginning of his speech:

This, it was said, was in contrast to a proceeding in Court where accessibility is bathed in mystique and where procedure presents a maze through which the common man walks in fear in trembling.

He could be accused of a laid-back type of carrying out of the duties of the Public Utilities Board. I must say that I thought, at least at the hearing I attended, those that did come had a chance to adequately say their piece. Maybe that's the problem: there is still that fear out there from before that you can't come before the board; there's something about it, something scary about coming before the board and being able to say your piece.

In quoting further, the chairman made reference to the debate that was held in this Legislature and comments made by various members of the Legislature. He said:

Let me conclude by saying that I have some sympathy for the MLA's quest for the people's forum. To clear the room of lawyers, accountants, economists, engineers, and sooth sayers may be well and good but unfortunately the legislative man-

date prescribed by the legislators for administration by its created agencies of the government does not lend itself to a simplistic approach.

Thus, Mr. Speaker, it is back in our court. Now, if we want a different view, if we want a so-called laid-back approach to the hearings, or shorter decisions and all that kind of stuff, it may well be back in our court to look at the legislative approach we've given the board, and thus my motion to review that to see if, indeed, it is right, to see if it's proper or if there are ways that can change it. The public would have their opportunity to suggest change. The board and its members obviously would have their opportunities to suggest change in the staff to see if we could come with a better system. Maybe the system we have is the best. But it's been there for a number of years and it's never been reviewed. I think many ideas might be able to come out of a review of it.

In the speech the chairman also talks about -- because it was brought up in this Assembly -- the length of the decisions, how they're so long. He talks about how he asked one time to have a decision sent back to be put in plain English, and because of the complexity of the thing, the complexity of the system and the information presented, his chartered accountants were unable to change it and make it more understandable. So I suppose that with the terms and the vernacular that's built in, maybe we're unable to shorten them, but it again may go back to the mandate. But I liked his one attempt at seeing if anybody could understand what goes on at a hearing, in that he invited his grade 12 son and one of his pals down to listen to a leading counsel cross-examine a qualified expert. The speech goes on and he says that they watched it with interest but their interest lasted only three-quarters of an hour. So I think that would say that unless you were fully cognizant of what was going on and what was happening and understood it, it would be hard to sit through.

Also, in that particular hearing they were talking about, we were looking at a 250-page finding. During that hearing the utility companies were asking for approximately a \$36 million increase. The cost of that hearing was approximately \$1 million, but as a result it was found that they couldn't prove that \$36 million should be built into the rate, and it was found against them. So in reality, one could argue that it was time well spent, in that in economic terms you had a 36 to 1 recovery ratio. I suppose in debates we've heard in this House, a 36 to 1 recovery ratio is very good; nevertheless, it does all come out of the rates. At least in that hearing there was a real examination of what was presented to them, and found that it didn't penetrate through and show the need for the increased money.

I would urge all members to read through that speech. To me it was interesting, and it outlined the problems that were seen by the chairman in the hearing process and the Public Utilities Board process. When you think of the comments I've gotten as a politician and others of us have gotten as politicians relating to that board, it does put a different slant on it. I think if somewhere along the way the two of us could sit down and talk about it, I'm sure we would be able to come to a conclusion.

Mr. Speaker, I made some comments earlier about the activities of the board as they were perceived in 1978 and 1980 and also in correspondence between the researcher and the chairman. The chairman outlined a couple of things the board is doing this summer -- and I think they should be mentioned -- in trying to inform people how the board works. This summer the board is going to hold at least three public meetings to consider a review of the board's rules and procedures relative to award-

ing costs and incidentals, proceedings, et cetera. So people can go to these meetings. They can hear how you can appear before the board and that sort of stuff. I think that's a step in the right direction, and the board should be commended for that. In addition, they're working with the Minister of Education and some school boards in proposing an outline of a utility law or laws and regulations or some sort of course in a school so it's better understood.

I know in discussion with the chairman that he does have feelings on the cost of these hearings and the length of these hearings, indeed, as well: to try and shorten the length and try and keep down the cost of the hearings so people are more able to appear there. I know he's shared these in discussions with me and shared them, I know, with other people and in correspondence. He is consciously trying to shorten the hearings. I believe a gas hearing now, for example, at least the one I attended, was fairly short because they've come to an agreement that they have a set price and then it's reviewed every six months or whatever so that they can more quickly respond to the changing amounts and the changing price range in the marketplace, so consumers aren't tied in for a long period of time at a higher rate and companies can come before them more quickly.

Mr. Speaker, the other question related to the board that I'd like to get into is the government's announcement on April 30, 1986, related to universal rural line service, and the problems in the hearings of the difference between the announcement of that date and the announcement saying that the customer would pay \$450 for individual line service on a one-time payment or a \$4 surcharge per month for 20 years on his telephone bill. As a result, the finding of the Public Utilities Board coming out and saying it is ordered that the surcharge will be \$5 per month over 20 years, or \$560 per month payable at the time of installation. Granted, it's \$120 or thereabouts difference and a dollar a month difference, but the principle I related back to earlier, of the government making an announcement on a policy matter and a board that should be judging on the information before it and shouldn't be changing the decision on a policy matter -- we've seen that happen in Saskatchewan. As a result, rather than a review of the board, the Saskatchewan government totally did away with the board in one fell swoop. Now, not being at the hearings, I don't know why the board did this. It may well have done it because of the information that was presented to it by Alberta Government Telephones. Maybe Alberta Government Telephones didn't look at the press release close enough and follow government policy as it was laid out. The board made its decision on information presented to it and comments by intervenors and others, so the fault, then, isn't with the board. I don't know. All I have is a question in my mind that the two decisions are different, and that bothers me. If the board followed through in the way it should, it should have made the decision on the information before it. I don't know.

Mr. Speaker, I think that outlines the concerns I have and the reason why I brought forward this motion. Why I think there should be a review, in that . . . As I've said, the board is changing, but I don't think a review would hurt. Everybody would have a chance to express their views, express their directions, and I would urge all other members to support the motion.

Thank you. [interjections]

MR. DEPUTY SPEAKER: Order please.

I believe the hon. Member for Calgary-Forest Lawn caught the Chair's eye first. Calgary-Forest Lawn.

MR. PASHAK: Thank you very much, Mr. Speaker. I'd like to rise in support of this motion and commend the Member for Cypress-Redcliff for bringing it forward. I think it's a very timely and appropriate motion. I would just like to make at least one suggestion to begin with, which would be that where it says, that the Legislative Assembly urge the government to undertake a review of the mandate of the Public Utilities Board and its effectiveness in fulfilling that mandate,

the government would set up an all-party committee to do that. I think that it would be more productive to do it in that mode.

Basically, I'd just like to add a few remarks that would augment what the Member for Cypress-Redcliff has had to say. I think a review of the overall jurisdiction of the Public Utilities Board is important. The Member for Cypress-Redcliff mentioned that there are some areas in which a degree of co-operation is needed between the Energy Resources Conservation Board and the Public Utilities Board. I think that's nowhere more evident than in the case of the provision of electrical energy in this province. As members are aware, the Energy Resources Conservation Board gave approval to a series of plants. One of those plants, Sheerness No. 1, is already on stream. Genesee, a major plant in Edmonton, will come on stream in 1989; Sheerness No. 2 in 1990; and if everything goes according to plan, the second Genesee plant will come on in 1991.

These plants were authorized at the height of the boom, and it looked like that power would be needed. But there is some concern that we may have a surplus capacity to produce electrical power in this province. The city of Calgary has expressed a concern here, because the ERCB approves the construction of the plants but then it's the Public Utilities Board that sets rates. It's a kind of after-the-fact sort of situation. The city of Calgary has expressed some concern that by the time these plants all come on stream, their power rates in the city of Calgary could rise by 20 to 30 percent; that is, the cost to residential consumers of electrical energy could rise by some figure in that range. It's very difficult for them to precisely nail down just what the impact of these plants would be. Perhaps there is some hope that it might not be as serious as this, because I noticed in the *Globe and Mail* the other day that there's some mention that Alberta and British Columbia are looking at the export of power into the United States, and maybe part of the surplus would be dealt with that way.

So just to add to a concern that I believe this Member for Cypress-Redcliff brought to the Assembly on the part of industrial power users about that split in jurisdiction between the ERCB and the PUB, I think the city of Calgary has some concerns in the same area.

When we're looking at additions to power, too, in the questions that were asked by the Member for Calgary-Mountain View today, I think there should be some greater attention given to having small power producers meet the incremental needs for power of Albertans.

Another question that arises with respect to the Public Utilities Board that I think is important is: just how autonomous should they be? The Member for Cypress-Redcliff, as I heard his remarks, seemed to be suggesting that there should be more dialogue between the government and policymakers for the government and the PUB, and I question whether that's, in fact, the wise thing to do. I noticed that just recently at joint hearings of the ERCB and the Public Utilities Board they were asked, for example, by the government to come down with a policy with respect to the core market. I wondered if their decision would have been the same had they had more autonomy. Instead of

being directed by the government to arrive at a concept of that, would it have been in Albertans' best interests, perhaps, to have not established a core market concept? Because certainly there's the possibility that Alberta consumers of natural gas, because of the core, are paying more than they might otherwise be paying for that commodity.

I just noticed my own gas bill the other day. I'm currently paying \$2.262 a gigajoule for the commodity portion of my gas. I know that some gas is being sold on the stock market today for as low as a \$1 a gigajoule, and I think it's partly the concept of core which requires that an assured supply of gas be held in reserve for certain types of customers, particularly residential users, that may be keeping that price artificially high, so that Alberta consumers may not be getting the benefit of deregulation and the consequent drop in the price of natural gas.

With respect to that and the whole question of regulation, I'm somewhat concerned. The price of gas has fallen, as I've indicated, to \$2.262, which is substantially below the price that used to trigger the old Alberta gas price protection plan, and with prices this low it's no longer necessary. But there's been some suggestion that prices are low this summer because there's a glut of gas and that consumers in Alberta in the fall will be looking at substantially increased prices for gas for residential purposes as the winter sets in, and I think there's perhaps some need for some greater regulation to shield Alberta consumers in that event.

I also have some concerns about the regulation of some utilities that are privately owned, in the sense that their rates of profits are determined on the basis of their deemed assets. I think that currently Canadian Western Natural Gas, for example, gets an 11.5 percent return, I think it is, on the deemed value of their assets. That would be fine if that money just went to shareholders, and then that might be a reasonable entitlement. But I've got a particular concern the way Canadian Western Natural Gas is integrated into a larger, much more complex organization. Canadian Western Natural Gas, which is a regulated utility, has a sister company Atcor, which is involved in the production, distribution, and marketing of energy. I have a concern that there may be pressure on Canadian Western Natural Gas as a company to buy a part of their supply from Atcor. If Atcor is buying that gas at, say, \$1 an mcf, as I've just suggested, and then Canadian Western Natural Gas has to market it at \$2.262, it seems to me there's a kind of unfairness there in the market that really benefits the whole Canadian utilities system of companies.

With respect to presentations and representation at hearings, I too have gone before some regulatory agencies, particularly the Energy Resources Conservation Board, and I found that a very difficult exercise to engage in. It's not that the members of the board made one feel unwelcome or hesitant, but you really are in the company of some relatively high-priced lawyers and experts who do nothing but look at regulatory affairs and matters. And I'm not sure that the consumer is always adequately represented at these hearings. I'm not saying that he's not, but I have some concerns. For example, the city of Calgary and the city of Edmonton are well represented. They do speak on behalf of the city of Calgary and the city of Edmonton, but that's not necessarily a consumer point of view.

Let me just try to illustrate that. The lawyers for the city of Calgary represent the city of Calgary's oil and gas committee, and in terms of representation, they make it very clear that they're not there to necessarily get the lowest price for Calgary residential consumers when it comes to the supply, say, of gas

or even electricity. They recognize, for example, that Calgary is an oil and gas town and that a lot of people make their living out of oil and gas, so there's an interest in keeping the price of gas, say, at a reasonable level that would ensure continued exploration and development in that industry. So when they make representation before the Public Utilities Board, it's not so much from the point of view of negotiating the lowest possible price. Certainly they keep an eye on, say, Canadian Western Natural Gas to make sure they're not wasteful in their spending and that kind of thing, in a way that their rates of return are not unreasonably high, but they're more concerned about security of supply than they are about price per se.

Now, it's true that under the regulations groups perhaps do meet in advance of Public Utilities Board hearings. They can sit down, and if they want to be represented, they can determine the amount of costs they could be expected to obtain in order to make effective representation. But cost is not the only problem when it comes to appearing at these regulatory hearings. There has to be some ongoing assessment of what's happening in the province. There has to be a group that's continually sitting there looking at decisions, looking at what's happening in the province with respect to energy questions and other questions that would come before these public boards, so that they're prepared to act and prepared to make recommendations. They know the hearings that are important, and they know when to get before them.

I'm not quite sure as to what the most effective way would be to establish effective representation at these hearings for all points of view. It might be that we could look at a very small surcharge on all the energy that's sold in the province that would go into some pool that would fund ongoing experts, because you do need lawyers and you do need technical people at these hearings to make your case in any kind of effective way. I should point out in that context that, of course, the companies' representation is paid for, because their costs of appearing at these hearings are rolled into the price that residents and users are charged for the gas they're eventually sold, so that it wouldn't be undue to expect consumers to have some kind of equal financial support for their representation at those hearings.

So again, just in conclusion, I'd like to commend the Member for Cypress-Redcliff for bringing this matter before the Assembly. I think it would be useful, perhaps, for the government to consider maybe establishing an all-party committee of the Assembly to look at the way, and constantly review and make recommendations as to how regulatory boards in this province operate.

MR. BRADLEY: Mr. Speaker, I too would like to congratulate the Member for Cypress-Redcliff for bringing forward this motion today to have the government

undertake a review of the mandate of the Public Utilities Board and its effectiveness in fulfilling that mandate.

At the outset I'd like to state that I support the hon. member's motion. I think it is a good motion for a number of reasons. As legislators, I believe that with regard to the Public Utilities Board we only hear from our constituents with regard to it when there is a utility rate increase which they consider to be exorbitant and they question in terms of their capacity and ability to pay.

We should look and examine as to the current legislative mandate of the Public Utilities Board. Has the PUB fulfilled that mandate, and should that mandate be changed? I should say that I believe in terms of the role the Public Utilities Board

has been given, they have probably adequately fulfilled that mandate. I do believe, however, in the public's mind there is some confusion as to what that mandate is and what, in fact, the Public Utilities Board should be doing.

If we look at the responsibility statement in the current Public Utilities Board annual report of 1987, that document states:

The Board's primary purpose in regulating utilities under its jurisdiction is to ensure that the customers of such regulated utilities receive safe and adequate service at rates which are just and reasonable to both the customers and investors in those utilities.

I guess I would have to conclude that if that is the mandate of the Public Utilities Board, they have carried that mandate out.

One must look at that mandate from both a regulatory and a legislative perspective. We as legislators have delegated to the Public Utilities Board the authority to make these decisions with regard to reasonable costs, just and reasonable pricing of utility production to the consumers of the province of Alberta. We should examine that role. There have been allusions by both the Member for Cypress-Redcliff and the Member for Calgary-Forest Lawn with regard to the independence and the autonomy of the Public Utilities Board. Perhaps in any public review that also should be reviewed. If in its judgment a pricing decision is not in the public interest, should the Legislative Assembly have the ability to overrule or change a decision of the Public Utilities Board? That is one area which I think in terms of mandate perhaps should be reviewed. I know the Public Utilities Board has served us well in the past in terms of its regulatory function, but there may be decisions that should have the ability of the Legislature to either change or to ask the Public Utilities Board to rehear a decision. Currently, once a decision of the Public Utilities Board is made, that becomes the utility charge or rate which the public must then pay.

[Mr. Musgreave in the Chair]

So should we have this override ability, or should the Public Utilities Board remain independent? What does the public want? Do they want that final-decision authority delegated by this Legislature to the Public Utilities Board, or do they want us as legislators to take that final responsibility? Does the public want us elected people to have that final say with regard to those decisions?

In terms of perception, I believe there is a perception by the public whether or not their interests are always being protected by decisions of the Public Utilities Board. How do we get around that perception of whether the public interest has been protected? Perhaps the mandate of a review committee should be to look at how the public interest can best be protected, given the fact that utilities in the province are monopolies.

The review committee should look at whether the rate of return guaranteed to utility companies is appropriate. I think the public always has questions in their mind as to whether a given rate of return is appropriate and how, in fact, that is determined in the public's interest. Are the costs which are taken into consideration to establish the base rates appropriate? I've heard stories from citizens who come to me and complain about the number of vehicles and personnel which will arrive at the scene of a utility company repairing either a gas leak or an electrical line, or installations by our own Alberta Government Telephones company. All these go into the base rate which then is passed on to the consumer, and there are always questions by our consumers with regard to that. So those are some of the areas which should be looked at and reviewed.

In terms of the process that an individual or a citizen of the province has to undertake to appear before the Public Utilities Board, I think the Member for Cypress-Redcliff has mentioned that, as has the Member for Calgary-Forest Lawn. There's been allusion to a speech given by the chairman of the Public Utilities Board in terms of reviewing that process. I think that as an ordinary citizen appearing before the board, the individual probably may feel somewhat intimidated. First, the jargon which is used is very technical in nature, and I don't think it's very well understood by the average citizen of Alberta. I just might review some of the concepts which the Public Utilities Board must work with and adjudicate on: plant costs, accumulated depreciation, necessary working capital, rate base, rate of return, operating expenses, fixed costs, variable costs, revenue/cost ratios. These are not things which the average citizen is familiar with, and the average citizen can become overwhelmed by this, intimidated.

The question was asked, "Can it be simplified?" I believe in the speech by the chairman of the Public Utilities Board alluded to by the Member for Cypress-Redcliff, after having asked officers of the Public Utilities Board to try to simplify the language in which a report was made -- these are very technical matters and very difficult to bring down to the average citizen's level of understanding. That is an area which I don't think we will overcome, but we must attempt to provide to the public the best understanding possible as to how the process works, how they are involved in that process, and how they may better understand the results of a decision of the Public Utilities Board.

The question of costs has been raised here today. If an individual citizen wished to go before the Public Utilities Board to argue against a proposed rate increase by a utility company, I think the expense to an individual to do that and to make a knowledgeable case before the board would be extremely expensive and probably would not be within the means of the average citizen. What is required would be to have a very knowledgeable intervention alluding to all the other and various terms and costs which I've earlier related to. A person would have to, in fact, hire a team of experts if he were to make a case which would stand up against the case made by the skilled staff and expert witnesses which a utility company has available to it.

One must remember that the application of a utility company for a rate increase is backed by the knowledge and expertise which the utility company has, by reports which the utility company may have commissioned by outside expert witnesses. This can total hundreds of thousands of dollars for a utility company to put forward its case before the Public Utilities Board. One must remember that the Public Utilities Board can award intervenors' costs, both of the company putting forward the case and the individual, but it's not able to award interim costs, as the legislation today provides for. The legislation does not provide for the awarding of interim costs, so a person would have to be able to bankroll a considerable expense prior to the board actually making a determination as to whether or not they would award intervenors' costs.

So I think a review should be made in terms of the review which has been proposed by the hon. Member for Cypress-Redcliff. There also should be consideration given to the awarding of interim costs or procedure toward interim costs and how, in fact, an individual may be able to appear before the Public Utilities Board in an informed and knowledgeable manner. There have been suggestions made in the Legislature before that we should look at the establishment of the consumer advocate or a public advocate to carry on that role of providing

assistance to public intervenors. Or perhaps we should, in fact, have an office of a public advocate which appears before the board and argues the case for the general public and consumer before the board. The board is sort of hamstrung. It must, on the one hand, adjudicate and come forward with recommendations as to what is reasonable and just, but it also must ensure that there's adequate service and also must look at the costs of the utility company. It must adjudicate. It cannot actually take an active role on behalf of the consuming public. Perhaps we should have this consumer advocate or a public advocate which could either carry the case of the public before the Public Utilities Board or give independent advice to public intervenors.

Finally, Mr. Speaker, I would like to comment on the nature of the review which may be undertaken. I think it should be a public review. The previous reviews have not actually had public hearings at which citizens of the province could have input. They have been more of an administrative nature in terms of the review. So I think there should be a public review with full input by the public permitted. I think it should be done by a committee made up of legislators, of Members of the Legislative Assembly of the province of Alberta. It should also have on it citizens at large and also knowledgeable professionals. I think it would be very important for this review to be taken in a public sphere because of the impact it could have in terms of communication of the current role of the Public Utilities Board, the job it is doing. It could provide that education to the public as to the role of the Public Utilities Board. So there's a communication/education role which public hearings or public forums could provide in this process.

Finally, Mr. Speaker, I would support the motion of the hon. member because it would give an opportunity to clarify the function of the Public Utilities Board. It could give an opportunity to address intervenors' concerns with regard to costs and the process. I think, also, there should be a periodic review of regulatory agencies such as the Public Utilities Board or the Energy Resources Conservation Board and other agencies. I think it would be very valuable to have this opportunity, and every 10 years is probably a good time frame for such a review to take place to ensure that all the concerns of the public are taken into consideration and that there's an opportunity for public discussion as to the role and mandate of these various agencies. I said earlier such a review could increase the understanding of the regulatory role of the Public Utilities Board, the role of the Legislature, and how the general public can input to the process.

One item which was mentioned by the Member for Calgary-Forest Lawn and also the Member for Cypress-Redcliff was with regard to the relationship between the Public Utilities Board and the Energy Resources Conservation Board. Such a review, I think, should also take into consideration that inter-relationship as has been alluded to. The one agency says, "Yes, we need to have come on stream increased electrical generation in the province to meet a projected demand," and the other board, the Public Utilities Board, must then say, "What is it going to cost the people of Alberta?" I think that relationship should be clarified.

So I support the motion put forward by the member today and urge all hon. members to support it.

MR. ACTING DEPUTY SPEAKER: The Member for Edmonton-Strathcona.

MR. WRIGHT: Thank you, Mr. Speaker. I'm afraid I must differ from those who have spoken before me in their praise of

this motion. I think, with the greatest respect to the mover, it's a footling sort of motion. It or similar ones come up almost every year people complaining about the difficulty of appearing before the board, the difficulty of seeing through the smoke and mirrors put up by the utility companies as they have their team of acrobats and jugglers obfuscating their true profits, and so on.

The truth is that the Public Utilities Board is quite unnecessary, because the truth is that all public utilities should be publicly owned. The arguments in favour of their being privately owned simply do not exist. Utilities exist in natural monopolies, so there are no market forces there to make them efficient. So in order that the prices can be regulated, there has to be a board such as this. Of course, since we do not have publicly owned utilities, we have to have a board such as this. But to argue about how it should be made more or less efficient and more or less responsive to public need reminds one about a bunch of Amish arguing about fixing up the buggy so you can get from point A to point B quickly when they could get an automobile; or some primitive people arguing about communications via smoke signals when they could install a telephone line. The fact is, we could do it much more efficiently if the public utilities were, in fact, publicly owned.

And this is not an extraordinary idea. Because it's only by the fraud of Calgary Power, as it then was called, that we have public utilities still in Alberta. In 1948 there was a plebiscite as to whether

the generation and distribution of electricity [should be] made a publicly owned utility administered by the Alberta Government Power Commission,

or that they should be

continued by the Power Companies.

This is one of the most extraordinary pieces of Alberta history. Because this was a provincial plebiscite, it was held at the same time as the election, I believe, in 1948, on August 17. There voted in favour of the idea that the generation and distribution of electricity should be continued by the power companies, 139,991 voters. And there voted in favour of the idea that the generation and distribution of electricity should be made a publicly owned utility administered by the Alberta government Power Commission, 139,840 voters. So public power lost by 151 voters in the whole province. The percentages were 50.01 percent in favour of the continuation of privately owned electric utilities, 49.96 against.

Now, why do I say this was fraud? I'll tell you why. Because the United Farmers asked Calgary Power, then the biggest -- and probably as TransAlta Utilities still the biggest -- generator of power in the province, what they meant by their promise to people in the country that they would supply people outside the major cities with power at cost. They said: "Well, it means no profit to the company. That's what 'at cost' means." Because of that, the United Farmers had no opinion either way. Well, I'm not quite sure of that -- but at any rate, it was an answer which satisfied a lot of doubters who otherwise would have voted in favour of public power. It took the UFA, who by that time had become Unifarm, of course, 20 years to find out that when Calgary Power said there would be no profit, that it would be at cost, they included the cost of capital in that statement i.e., that the shareholders would have to have a fair return on capital invested. If they had come clean in 1948, we would have had Calgary Power taken over and electric power being publicly owned in Alberta -- the generation and distribution of it -- and, without doubt, the other utilities would have followed. So it is not something that's an extraordinary thing; it's just a

matter of, as I would call it, bad luck that we have the present situation.

Now, why then do we need no regulation if the utility companies are publicly owned? Well, the answer is this: that if you happen to set a rate that's too high, then you are making too high profits in your company, but it's still owned by you, the public, so you're making profits for yourself. If you've placed the rate too low so you're making a loss, well, that can be corrected, of course, but in the meantime you've got cheap energy and the actual rate does not become crucial. You have to have some relationship in the long run to cost, of course. A good example is the publicly owned telephone company in the city of Edmonton that always is generating profits that are quite extravagant compared to its costs, but it's an intentional policy of the city of Edmonton, because that money then goes to the lowering of our taxes. It would never get by the public utilities commission because it's too high, but it's a matter of public policy within the city of Edmonton. That illustrates the point that it becomes unnecessary to have an outside regulation. Be it noted, too, that the rates for the city of Edmonton telephones, although they do make an excellent profit for the city of Edmonton, are not out of line with telephone companies anywhere else, and that notwithstanding that until recently they were being shortchanged by Alberta Government Telephones on the long distance calls.

So, Mr. Speaker, I put it to members that while we can talk about the way of tuning or detuning or improving the Public Utilities Board to regulate the situation that exists in Alberta, that situation should not exist. If all public utilities were publicly owned, it'd be unnecessary to have this body.

Not only, then, is there a conceptual improvement by having publicly owned public utilities, but also we should consider the savings in costs. There is, first of all, looking at the annual report of the Public Utilities Board, the saving in the costs that they set out there of the board itself. These annual expenditures are not huge, as the numbers we expect when we look at these things might suggest. The forecast expenditures for 1987 to 1988 are \$2.7 million. Added to that, though, are some other things that are paid by the public: in the first place, the great cost of the intervenors; e.g., the city of Calgary or the city of Edmonton. It doesn't quote any such figures here, and I can't tell you what they are, but it's hundreds of thousands of dollars annually in paying the lawyers and paying the experts. I don't know about annually, but hundreds of thousands of dollars whenever they do it, which is annually or every other year or something like that, paying the lawyers and the experts to appear over the many days of hearings at the rate settings.

That's one large element, but then it also is very expensive for the utility companies themselves. I referred to the troupe of jugglers and acrobats with the numbers. It's true: there are dozens and dozens of ways of obscuring the true profit of any enterprise, as any accountant will tell you, and there have to be equally skillful attackers to try and get behind this smoke and mirrors. But it's an expensive process with all the experts and the lawyers and so on, and that is built in as a cost to the utilities, so we pay for it anyway. So it's not just the cost of the abolition of the board, but it's also the cost gained by having to strike away at all the administration within the companies and the intervenors themselves in dealing with the ridiculous situation of having privately owned public utilities.

And two, it may have escaped the attention of hon. members, Mr. Speaker, that over the years the privately owned utilities in Alberta have returned a higher level of profit to the shareholders

than any other set of utilities in North America. And we aren't talking about venture capital here; we're not talking about risk capital. There is no risk. It's a licence to print money, because it's part of the mandate that there will be a certain return to the invested capital that bears some relationship, I guess, to current interest rates.

A side note is, when I look at the annual report -- this was filed on April 14, 1988 -- it is an annual report for the year 1987. And the reason that it comes out so promptly compared to the reports of other government bodies is because under the public utilities Act, the report for the previous year has to be delivered by March 31 in each year. And why we can't have that exact same thing, substituting March 31 for December 31 for government reports, I'll never know, but they regularly come out a year and a half late. So that's just by the way.

Obviously, Mr. Speaker, it is necessary to have public utility boards where the utilities are privately owned, and I suppose it is necessary to see how they're doing at the present time, at any time, and have the odd inquiry and so on. But the reason that this comes up in this Legislature year after year is because of the silliness of the situation of having privately owned public utilities anyway. And the sooner we get away from that, the sooner we wake up and realize we're in the 20th century, and in fact we're close to the 21st century, and realize there are no advantages to having private enterprise in a monopoly situation and get away from it. We can get rid of the Public Utilities Board -- there are other functions, of course, that it has that I'll come to in a minute -- get away from the Public Utilities Board and regulation, which is largely a system of wheel spinning which is completely unnecessary.

[Mr. Deputy Speaker in the Chair]

There are some other functions that the board has in addition to the regulation of the ordinary utilities, which are set out in here somewhere in the annual report. But of the 104 days that they sat on all matters, Mr. Speaker, 72 were taken up in the regulation of the electric and gas utilities. The other functions are relatively minor: milk prices, for example; they are part of the mandate. There are appeals under the Energy Resources Conservation Board and gas supply, and some inquiries are made from time to time. These ancillary functions could easily be taken over by other existing boards or even government departments.

Lastly, Mr. Speaker, one from time to time has to harbour the suspicion that some of the members of the board are there because the government owes them a debt of some kind or the other or needs to do something with them, and it's a good parking place for them. I make no suggestion that any of the present members of the board fall in that category, nor do I say that none of them do. But it's just a useful place for some people sometimes. There are 47 staff members in this body; it is not an inconsiderable body. They could be better employed doing other things.

MR. DEPUTY SPEAKER: Hon. Member for Bow Valley.

MR. MUSGROVE: Thank you, Mr. Speaker. I'd like to add my congratulations to the others' to the Member for Cypress-Redcliff for bringing in Motion 211, and I certainly would also like to commend him on his perseverance with staying with this, because it's been a topic that he has been suggesting for a long time.

Now, I don't think anyone is suggesting that we should do away with the Public Utilities Board . . .

AN HON. MEMBER: Yes, we are.

MR. MUSGROVE: Well, I should say that probably there were a few who suggested that, but most people agree that where you have a franchise in utilities, there should be a watchdog over the pricing system. You can't turn people loose who have a franchise and allow them to collect consumer rates at whatever they choose. The PUB or the equivalent was established in 1915, and for good reason. However, I think we can all agree that there are some problems with the system. I don't have the answer, Mr. Speaker, but I would like to identify what I see as some of the problems in the system.

Number one is that through interventions it gives people a David and Goliath type of image, that it appears that it's the small consumers intervening against large utility companies. And in some cases that image is justifiable. But it's interesting to note that one of the regulations that's handled by the Public Utilities Board is the minimum price of fluid milk, and all other regulations generally deal with maximum prices for consumer costs. One thing I'd like to point out on the issue is that there has never been an intervention as far as fluid milk is concerned, and yet on all other consumer prices regulated by the Public Utilities Board, there have certainly been interventions.

The David and Goliath image comes about -- as an example, I would use the village of Tilley. The gas company in Tilley is privately owned by an individual. It's not a very large business. Actually, he has a few fanners in the village of Tilley, which is about 400 people, and a few years ago he rebuilt the total pipeline in the village and then applied to the Public Utilities Board for an increase in rates and was turned down. They said that the reason he was turned down was because he had a contract with the CPR on a very, very low royalty rate on a gas well and that then he would have to keep his consumer rates down accordingly. It was a problem to him because he was trying to sell the gas company to someone else, and there was no one interested if they couldn't raise the consumer rates for natural gas in Tilley. But subsequently they do have a very low gas rate in that village.

When I was on the executive of the Alberta Association of Municipal Districts and Counties, we were asked almost annually -- or whenever there was an increase, particularly in power rates -- to intervene on behalf of all of rural Alberta. Now, their argument, and rightfully so, was that in the major cities the cities generally negotiate the power rate with the power company, and they then set the consumer rate for power. That is done by the city council, who are elected people and who are responsible back to the consumer, where rural people, in particular as far as power rates were concerned, were generally on their own. So they asked the Alberta Association of MDs and Counties to intervene on their behalf. We did quite a lot of research on it, and our managing director suggested to us that all we would do was cost the rural power user more money. Some research he found out was that the utilities companies at that particular time were prepared to spend up to \$400,000 in defence of their increase in power rates. He said that if we're not prepared to spend up to \$400,000 to intervene, we're not going to win the case, because the utilities companies have got some of the best experts as far as economists and legal advisers in North America, and they're prepared to bring them in if they get someone who's prepared to spend enough money to bring on that

type of intervention.

Now, we could have probably recovered at least a portion of our costs for the intervention, and particularly if we showed that the increase was not justifiable. But on the other hand, the total cost, including what the utility company spent and whatever costs we were awarded back for our intervention, would all go on our power rates. So what he said was that the people who are using this power are going to pay for it one way or another. And if we weren't awarded any costs, of course that would be then put on their property taxes, and they would be paying for it anyway. So after a lot of discussion at the annual fall convention that year it was decided to not bother trying to intervene, because all we would be doing was costing the consumer, one way or another, a lot more money.

Now, during those discussions we were advised that unless you had an expert witness, you couldn't recover any intervention costs. And to me, that needs to be corrected. An expert witness can certainly be a consumer that is delegated by a consumer group to go and intervene on their behalf. And who knows better what the effect is of utility rates than a person from a consumer group? An expert witness, they maintained, had to be someone who was qualified, with a university education and an expertise in that field, before they would even consider any recovery of intervention costs.

I have to agree that during construction and utility cost increases the energy conservation board and the Public Utilities Board should work together on whether or not some utility company should be expanded. I agree with the Member for Calgary-Forest Lawn that in the case of the Edmonton Power expansion it seems to be the concept of people of southern Alberta that this is only going to cost them an increase in power rates. And yet the ERCB approved it, it went ahead, and then the Public Utilities Board are now challenged with setting power costs to all the consumers in Alberta to recover the construction costs of that expansion. If the Public Utilities Board and the ERCB had been working simultaneously on that project, why it probably could have been better handled.

So, Mr. Speaker, I agree that there should be an intervention in utility costs and particularly that the Public Utilities Board's mandate is not to be an advocate of the consumer but to set consumer prices as they are presented to them. If there isn't any intervention on price increases, then the Public Utilities Board is at a loss to know what their position should be on that type of a scenario, so interventions are very important. But first off, I don't believe we should be particularly dealing with expert witnesses. I think any witness that is well versed and has an interest should be allowed to be an intervenor, and I believe they should have the capacity of recovering their costs of intervention after the hearing has been heard. The problem probably could be corrected, as has been suggested, by a committee or a tribunal to study the mandate and make recommendations to this Assembly on what changes could be made with the Public Utilities Board.

Mr. Speaker, I certainly think we should approve this motion. Thank you.

MR. DEPUTY SPEAKER: Hon. Member for Red Deer-South.

MR. OLDRING: Thank you, Mr. Speaker. I, too, am very pleased to be able to participate in the discussion this afternoon on Motion 211:

Be it resolved that the Legislative Assembly urge the government to undertake a review of the mandate of the Public

Utilities Board and its effectiveness in fulfilling that mandate.

Let me say that I'm very supportive of the motion, and I want to take this opportunity to congratulate the Member for Cypress-Redcliff for pursuing this avenue and once again bringing forward I think an excellent recommendation and giving us the opportunity this afternoon of debating an issue that's of concern to all Albertans.

I want to congratulate some of the other members that have participated as well: the Member for Pincher Creek-Crowsnest and the Member for Calgary-Forest Lawn and the Member for Edmonton-Strathcona. One of the things I appreciate about the Member for Edmonton-Strathcona is that he's always very forthright with his position and forthright with his thoughts and comments. Clearly, he's advocated the socialist perspective, and I appreciate that. It defines the difference between the two parties very clearly. I only wish that some of his colleagues were as forthright as he is; they seem to be shifting further and further to the right. I know that certainly their federal leader, as he seems to think that he actually might have an opportunity of going somewhere in Canada, is shifting more to the centre all the time. Clearly, the Member for Edmonton-Strathcona advocates a very socialistic approach, an interventionist approach, a state control. We understand that's where he's coming from, and that's more than fair.

Mr. Speaker, I too want to acknowledge the presence of Mr. Ackroyd here this afternoon and say how pleased I am with him being here and with the interest that he's shown over the years with the debate that's gone on in this Legislative Assembly. In my very first session, in fact, the very first motion. Motion 201, of the first sitting of the 21st Legislature was a motion that I brought forward. It recommended the appointment of a provincial consumers' advocate to help resolve some concerns that I felt were existing here in the province. Although it received some very healthy debate and some interest by the chairman and his members and interest from the members of this Assembly, it regrettably didn't have an opportunity to be voted on. Although I'll say this, that perhaps that isn't the only solution, and perhaps there is a better solution. So I'm happy to be able to speak this afternoon to Motion 211 advocating a wider approach, and that is the recommendation of a complete review.

But I would also want to say to Mr. Ackroyd and his committee that I really do appreciate the job they have done to date. It's an awesome responsibility. It's something that affects the lives of all Albertans, and it's interesting that perhaps we don't give it the attention we should. I understand that when it comes to utility rates, we perhaps spend more on utility rates than we do on taxation. We perhaps spend more on utility rates in a lifetime than we do on our housing, so it's a very critical issue. It's a tremendous responsibility for them to take on, and I think they've lived up to that responsibility extremely well within the mandate they've been given.

I want to speak now to why I believe the review itself is very necessary and very appropriate at this time. I know that there have been other reviews done within the past 20 years. I don't think either one of them are current enough, but I do recognize that in 1972 and in 1980 there were reviews that had been done. The 1972 review I think was broad enough, and I think it covered the subject matter extremely well. Perhaps I can share with the Assembly the actual terms of reference. I should point out that it was completed by Herbert Briggs and Ian McKinnon at the request of the Hon. Len Werry, the then Minister of Telephones and utilities. The terms of reference as specified by Mr. Werry included four main areas of examination and recommen-

dation, and these are: (a) the duties, responsibilities, and legislation considering the PUB as specified in the various statutes - and that was important; (b) possible conflicts in the legislation governing the PUB, ERCB, and other boards -- I think that's something that would be appropriate again to review today; (c) advisability of confining the responsibilities and duties of the PUB to those functions which are directly related to public utilities; and (d) advisability of raising the statutes of the PUB to a level comparable with that of the ERCB. These are all things that I think would be most appropriate in a current review.

A couple of things are wrong now, of course. This review was done 16 years ago, so it's no longer necessarily as relevant to today's situation as it perhaps was in 1972. But where I think it really failed was that it didn't have public input, public involvement. I appreciated the recommendations that the Member for Pincher Creek-Crowsnest brought forward, and he emphasized public input. These studies haven't even been made public since they've been done. For us to have a complete review and for us to really be able to understand and get a better appreciation for how the PUB process works, I think the review itself needs to involve public input.

The more recent report was done in 1980. It is commonly referred to as the Hurd Report. It was initiated at the request of the Attorney General, the Minister of Utilities and Telephones, and the Minister of Energy and Natural Resources. The purpose of the Hurd Report was to consider and recommend any necessary changes in the following areas:

1. the advisory and regulatory roles of the [Public Utilities Board] in relation to government policy,
2. the relationship of the Public Utilities Board to government departments and agencies, and
3. procedural and administrative matters respecting the operation of the [Public Utilities Board].

And again, I think that would be appropriate if we were to do a current review.

All healthy things, Mr. Speaker. But again the review, the task force itself, did not involve the public and did not have any provisions for public meetings or public hearings or public feedback. I think their mandate for the review itself was very focused and very narrow and not broad enough to cover the things we need to cover today.

I think the need today is very evident, and I think it's important that we have a public review at this time. I should point out the policy that's now been adopted by the federal government in its 1986 regulatory reform strategy. With respect to regulatory review they decided four things. One, that parliamentary committees review all regulatory statutes over a 10-year cycle. So at least every 10 years there's a process for that review. We've had two in the last 20 years, I recognize: one, 16 years ago; another one, eight years ago. So I think it's time, if we were to apply that guideline.

They also decided that a committee of cabinet will ensure the review of all regulations over a seven-year period. So we're behind that guideline already. Cabinet will perform periodic reviews of regulatory programs. All regulatory programs will be evaluated for efficiency and effectiveness at least every seven years. I think that's really what we're talking about here, efficiency and effectiveness. So we could certainly use those guidelines in justifying the need for a review of the Public Utilities Board process at this time.

It might be helpful, Mr. Speaker, if I could take a moment just to talk about the role of the Public Utilities Board itself. The definition that I've utilized in the past -- and I think it's appropriate -- is that "the Public Utilities Board is an independent,

quasi-judicial tribunal" charged with the responsibility of regulating all telecommunications, electric, water, and gas utilities, with a few minor exceptions. And I'm not going to dwell on those at this point. The definition goes on to say that the principal responsibility of the Public Utilities Board

is to ensure that the customers of regulated utilities receive safe and adequate service at rates which are [fair] and reasonable to

all parties involved.

Mr. Speaker, there's a public conception out there that the PUB is a watchdog committee, that they're there to protect solely the consumers' interests, that they're there to make sure the consumers aren't paying too much, that their interests are being taken care of. That's partially right, but it's not totally right. That is to say that they're not there just to protect the consumers' interests, but they're also there to protect the interests of the utility companies themselves.

Mr. Speaker, we've all this afternoon talked about the need for public input. My first experience in dealing with the Public Utilities Board process goes back to my days on Red Deer city council. I used to receive numerous letters from individuals throughout my mandate there and phone calls as well expressing frustrations over the utility rate increases that they felt they were constantly facing. It just seemed there was never a time when they weren't either facing a utility rate increase or an application or a new application before the former application had been dealt with or an interim increase until, again, the application could be heard. But constantly they were seeing the utility rates' going up. Of course, who did they get their utility bills from but the city of Red Deer? So who are they going to call? The city of Red Deer. The utility department is very quick at handing out the numbers of city councillors and the mayor, so eventually we get the phone calls.

Of course, the bottom line is that they want to know, "Why are our utility rates going up now?" They were going up even at a time of restraint, when we felt that as a government, in fact we were advocating single-digit inflation. Yet we were still seeing double-digit increases to utility rates. So the consumer was getting very frustrated, and they were phoning, as I say, initially their municipal representatives. Of course, we'd say: "Well, there is a process. It has to go through PUB. If you're concerned, write to the Public Utilities Board." Of course, they would do that. I've pointed this out before in the Legislative Assembly. Often they'd get back a letter advising them to review the 1,300 pages of transcripts or the 76 exhibits or the 240-page decision that was handed down at the last hearing. Of course, that's not an answer for an average person or the consumer that just wants to know, "Why are my utility rates going up at such an exorbitant rate?"

Yet in fairness to the PUB that is the answer. We've reviewed it. Of course, we have to recognize that in that instance it was an application for an increase of some \$45 million in revenues for that year. It was a very substantial application, and the very fact that it is of such a substantive nature calls for a very, very highly technical process. But that process has pushed the average consumer aside. That is to say, the process involves lawyers -- I think at that particular hearing there were some 10-plus lawyers involved -- accountants, economists, engineers, expert witnesses. And it seems, with the costs involved, that we're attracting more and more specialists from further and further abroad, in terms of bringing these people in. But it doesn't make provisions for the average person to be involved.

I want to acknowledge again the sensitivity of the chairman

of the Public Utilities Board to this situation. I know he's sensitive, and I know he's introducing some new initiatives that will, hopefully, help to address some of these concerns. I know he recognizes that a disproportionate amount of the costs awarded by the PUB are now going to the applicant utility companies. In 1987 \$4 million were awarded in costs, and at least 50 percent of that was going to applicants. I know the chairman is concerned about that. I know he's concerned about the disproportionate cost of claims between various intervenors. Some of them are extremely large claims, while others are very small. I also note that he's intending to hold at least three public hearings this year, to be held sometime, hopefully, this summer, to solicit public input on the PUB rules of practice and procedures involving the awarding of costs. So I applaud some of those initiatives.

Like a number of the members in the Assembly this afternoon I, too, read a speech given by the chairman entitled Conduct of a Hearing. It was dated January 14, 1988. Again, I felt that the chairman showed a tremendous amount of sensitivity to the frustration that some of us are experiencing as politicians, that some of us are experiencing as consumers. It was interesting for me to note that he invited his son, a grade 12 student at that time, and a friend to come and participate and witness what goes on at a Public Utilities Board hearing. I'm going to quote from his speech:

I went so far as inducing my Grade XII son and one of his pals to come down and listen to a leading counsel cross examine a highly qualified expert witness in a current case involving Northwestern Utilities Limited. There was the possibility of a lively debate but unfortunately the subject matter was whether the discounted cash flow method of determining rate of return on common equity was to be preferred or the comparable earnings method as modified by the risk premium approach.

Needless to say, he went on to point out,

The boys lasted for 3/4 of an hour.

I have to commend the boys. I'm not sure I could have held my attention for the full three-quarters of an hour, given the technical discussions that were under way.

I recognize again that there are no other means of having complete and fair hearings without having this technical aspect to the process, but somehow we have to give Albertans the opportunity to be a part of this process. I know you can argue that they're a part of it. Because in the city of Red Deer's instance we always make sure we have an interventionist there; we always make sure we're intervening on behalf of the citizens of Red Deer. But even then, outside of being able to assure the citizens that we do have somebody there intervening on their behalf, it's hard for us to be very specific in saying, "The intervention is working, here are the results," because we don't know whether it's working or it's not working. We'd like to think that because we've been able to intervene on their behalf, we have had some impact and it has affected the decisions and perhaps the decisions have been more favourable as a result of that, but we can't say that with any certainty, again because of the complexity of the hearings themselves.

The process, Mr. Speaker, is an intimidating process. It is an uncomfortable environment for you or me. It is a process that excludes the average consumer. Again, somehow they want to be involved. Again, I dealt with many, many, many frustrated consumers. I referred them to their PUB; in later years I referred them to the MLA. I know that the former MLA, Jim McPherson -- I suggested one night at a council meeting when we were discussing PUB hearings that they write their MLA, and I don't think he's ever forgiven me for it because he re-

ceived over 300 letters in very short order saying: "We've finally found out who the culprit is. It's you; it's our MLAs." And I'm going to pass the buck now that I'm an MLA. I'm going to throw it right back to the PUB. But that's not fair either. It isn't the PUB. I think the process is working very well in a lot of ways, but again the process does exclude you and me as everyday Albertans. If it can be done through a review, if it can be done by passing Motion 211 and having a review of the mandate of the Public Utilities Board so that perhaps we can broaden it somehow . . .

I'm not sure what the answer is. I thought perhaps a consumers' advocate might have been the solution, and it still might very well be. And perhaps if we held the review, as suggested in Motion 211, that might be the conclusion they'd come to. I only know that Albertans are frustrated. They do want to be a part of the process. They do want to know that their concerns are being heard, that the process that's being utilized is listening to some of those very human issues. That's probably one of the biggest concerns I have: that this highly, highly judicial, technical process isn't necessarily catching the human element. It isn't necessarily tuned in to government policies. It isn't necessarily tuned in to current economic situations.

Again, I recognize that they have to deal with -- well, it seems to me that last year they had over 200 hearings to deal with, and I know that's an overwhelming mandate, and it takes time. If you think about it, the upswings and downswings we've seen in our own economy can change very drastically, and it's very frustrating. If you're handing down a decision from an application that's 18 months or two years old, it might not necessarily be tuned in with the economy of the day, and that frustrates Albertans.

Mr. Speaker, again I want to compliment the Member for Cypress-Redcliff. I want to compliment him for his persistence. I know this is a subject that has been of concern and interest to him for a good number of years in this Assembly. He's pursued it on an ongoing and consistent basis. I applaud him for that, and I would hope that as a result of the healthy and constructive debate we've had here this afternoon, all members will consider giving full support to this motion so that we can have a review of the mandate of the Public Utilities Board and perhaps broaden it to help them with their job. As I said, I think they're doing an excellent job. I think we have a group of very dedicated and concerned individuals that are serving on the Public Utilities Board, and I commend them for that. I would only want through this process to perhaps help them make their job easier and to help us to alleviate any concerns consumers might have as it relates to their situation.

So on that note, Mr. Speaker, I'll sit down but again would encourage all members of the Assembly to support Motion 211.

Thank you.

MR. SHRAKE: I, too, would like to congratulate the Member for Cypress-Redcliff, Mr. Speaker. I don't usually enjoy speaking on this particular item, because the PUB always spoils my sweet disposition. They set the guidelines for telephones -- AGT and, of course, ET -- and they also set the rates and have these lovely hearings on our electrical system and what people can charge. I've not been very happy at what I've seen through the last few years.

For AGT the largest user of telephones in this province is the city of Calgary. At their last set of hearings Edmonton made the presentation. They basically wanted most of the money. They thought ACT had a big surplus, making lots of the money, and

they wanted it. Poor old Calgary. They own telephones, but unfortunately they don't own a telephone company. They just pay the bills, and they didn't get to make a presentation.

Your telephone system requires massive capital, massive dollars, and you have to keep pouring the money back into the system or eventually the system becomes either so debt loaded that you have no equity or else you get it so obsolete that it doesn't have much value. So the little bit of profit they make from the telephones is very miniscule. In the rural areas -- I mean, if you get one phone every half a mile or so, you don't make any profit from it. They make the profit off the long distance telephone calls. And where are all the long distance telephone calls made in the province? They're made, a large number, out of the city of Calgary, with your big towers, a thousand telephones in one tower. You get your large number of head offices, and there's a lot of profit there. Edmonton wanted it. Unfortunately, they got it. Because of that, who's going to pay for the phones out in the rural areas? We want to give them an equal system. We don't mind subsidizing a little bit our brothers in the rural areas. That's the kind of a province we are, but thanks to good old ET, Edmonton, they drew out most of the revenue. Later we all pay for that throughout the rest of the province. If that's not bad enough, they even charged AGT at 8 percent revenue tax on the system. The head office is here in Edmonton; they derive a lot of jobs, a lot of money in this city. I think maybe we should be looking at moving it down to Calgary.

AN HON. MEMBER: You'd probably lose it anyway.

MR. SHRAKE: Oh yeah, we'd probably lose it too.

But anyway, I think our little mayor up here -- I could smell a little greed when he went after that. But that one only upset me a little bit.

But the PUB, they set the rates for the electrical power. We had a pretty good system in this province. Some of our cities, some of our towns had worked out very well, and then we decided we were going to bring in something called EEMA -- Electric Energy Marketing Agency. Yes siree, we got another organization that we're going to get an annual report from every year. I haven't gotten one this year, but I got last year's.

AN HON. MEMBER: You voted for it.

MR. SHRAKE: Yeah, of course I voted for it; what else am I going to do? I sure didn't like it, and I think I said so at caucus there.

But the city of Calgary had a very nice system. They owned their own substations, their poles, powers, their right-of-ways, and so on, and they had set up a public utility board there which would make their representations to our Public Utilities Board every time they wanted to take the rates up. They had some of the best lawyers in the city. As one of the previous speakers mentioned, it's not easy. It's very complicated to make these presentations.

As we went along, they decided we needed more power in this province. So they're going to go ahead with a nice plant. TransAlta is going to build Sheerness plant. One, two, three phases, you know. And then good old Edmonton. We've got an idiot mayor in Edmonton decided he's making so much money off Edmonton Telephones, let's get in and make some money off of power; we're going to go into the power business. They tried to ask him to hold back: "We don't know if we're going to

need all your power." But he charged right ahead, and he spent hundreds of millions of dollars, committed. And we found out that, lo and behold, we don't need that extra power. We don't even need all of the power that Sheerness was going to present. Sheerness, phase one, would produce all we need. We don't need Genesee. That's out just north of Warburg, a little teeny-weeny place there. In fact, B.C. next door had a surplus of power, b u t . . .

MR. SIGURDSON: A point of order, Mr. Speaker.

MR. DEPUTY SPEAKER: Order, hon. member.

Edmonton-Belmont, you have a point of order?

MR. SIGURDSON: Yes, Mr. Speaker. It's not like me to defend the mayor of the city of Edmonton, but to call him an idiot is unparliamentary, and also I think that because he's not here to defend himself, it ought to be withdrawn.

MR. SHRAKE: I'll accept that point of order. I didn't mean to call him an idiot. I got carried away, and I withdraw that remark, sir.

But anyway, in building power plants . . . The PUB started off on the right track. They were saying, "Okay, we're going to let Sheerness go ahead." In starting this up, the big, huge, massive cost of the hundreds of millions of dollars is getting installed and getting the infrastructure. Once you have that, phase one, you get some generators. To add more generators is not a big cost. But if we're going to pay for the start-up costs of two of these plants, there suddenly is a loss, a waste of hundreds of

millions of dollars. These hundreds of millions of dollars are going to come from one place. The PUB is going to put this back on all electrical ratepayers in the province of Alberta, thanks to . . . I don't care what they say in Calgary; I'm not going to call that mayor of Edmonton an idiot again.

So, Mr. Speaker, I think the thing we should do is approve this motion. I think we should go ahead, and it wouldn't hurt to put a shot across the bow of the PUB in doing so. So I hope you call the question, and call 'er soon.

MR. DEPUTY SPEAKER: Are you ready for the question?

SOME HON. MEMBERS: Question.

[Motion carried]

MR. YOUNG: Mr. Speaker, by way of government business this evening it is intended to return to the Alberta Heritage Savings Trust Fund capital projects division and commence this evening with Public Works, Supply and Services, thence to Environment, and on.

Mr. Speaker, in view of the intent on business this evening I would suggest that we so arrange that when the House assembles this evening it assemble in Committee of Supply and would move that this evening at 8 o'clock when the House assembles, it be in Committee of Supply.

[Motion carried]

[The House recessed at 5:22 p.m.]

