

No. 55

2nd Session, 13th Legislature, Alberta
4 Elizabeth II, 1956

BILL 55

A Bill to Provide a Further Means of Assisting the Construction and Expansion of Rural Electrification by Longer Term Financing

HON. MR. REIERSON

Explanatory Note

General. This Bill enacts a new Act supplementing the provisions of The Rural Electrification Revolving Fund Act. It provides for loans to rural electrification associations from the revolving fund, but the terms of such loans will differ in two respects:

- (a) firstly, the loans will be repaid by members by monthly (instead of yearly instalments) with their monthly electricity charges,
- (b) secondly, the loan to the association will be for a longer period, that is, up to twenty-five years.

1. Short title of Act.

2. Definition of terms used.

3. Authorizes loans from the Rural Electrification Revolving Fund in lieu of loans under The Rural Electrification Revolving Fund Act.

4. Sets out the terms of the loan in regard to interest and period of repayment.

BILL

No. 55 of 1956

An Act to Provide a Further Means of Assisting the
Construction and Expansion of Rural Electrification
by Longer Term Financing

(Assented to _____, 1956)

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

1. This Act may be cited as "*The Rural Electrification Long Term Financing Act*".

2. In this Act,

- (a) "association" means an association, within the meaning of *The Co-operative Associations Act, 1946*, in a rural area and having as its principal object the supply of electricity to its members;
- (b) "electricity" means electric power, energy or current;
- (c) "fund" means the fund established under *The Rural Electrification Revolving Fund Act*;
- (d) "member" means a member of an association;
- (e) "Power Commission" means the Alberta Power Commission under *The Power Commission Act*;
- (f) "power company" means the electrical power company with which an association has an agreement to supply the association with its electric power;
- (g) "Supervisor" means the Supervisor of Co-operative Activities under *The Co-operative Associations Act, 1946*;
- (h) "works" means the poles, lines, conduits and structures for the distribution, transmission, carrying, measuring, supplying or conveying of electric power, energy or current.

3. In lieu of loans under Part I of *The Rural Electrification Revolving Fund Act* an association may, in accordance with the provisions of this Act, apply for and receive a loan from the fund.

4. (1) A loan made under this Act shall bear interest at the rate of three and one-half per cent per annum, be for no longer period than twenty-five years, and be repayable in monthly instalments of principal and interest, as provided by this Act.

5. Prescribing method of obtaining approval of Power Commission to proposed rural electrification plan.

6. The method of applying for loan.

7. Prescribes the requirements of the note of members who have not fully paid up their share of the cost of construction.

(2) The period of repayment of a loan shall be such period, subject to subsection (1), as may be agreed upon by the association applying therefor and as may be approved by the Supervisor.

(3) Upon an equitable adjustment of interest being made and subject to the approval of the Supervisor, a loan made pursuant to this Act may be repaid in full at any time.

5. (1) When an association desires a loan under this Act, the association shall apply to the Power Commission for its approval of the proposed borrowing.

(2) Together with its application for approval, the association shall furnish the Power Commission with a statement of the particulars required by section 10 of *The Rural Electrification Revolving Fund Act*.

(3) Sections 11 and 12 of *The Rural Electrification Revolving Fund Act* apply to any application under this section.

6. (1) Where an association

- (a) has entered into an agreement with a power company whereby the power company has agreed to supply the association and its members, or an extension thereof, with electricity,
- (b) has determined the cost of constructing the works required to supply each member of the association with electricity, and
- (c) has received from each member at least one hundred dollars to meet the cost of constructing the works required to supply the member with electricity,

it may, subject to section 7, make an application to the Supervisor for a loan under this Act.

(2) With its application the association shall furnish the Supervisor with the information required under subsection (2) of section 13 of *The Rural Electrification Revolving Fund Act*.

7. (1) Before applying to the Supervisor for a loan, an association shall obtain from those of its members who have not fully paid their share of the cost of constructing the works of the association a lien note, in duplicate and in Form A in the Schedule,

- (a) payable to the order of the association,
- (b) in the amount remaining unpaid by the member to the association,
- (c) bearing interest at the rate of three and one-half per cent per annum,
- (d) setting out, as directed by the Supervisor, the date from which interest is to be computed, the number and amount of the equal monthly instalments, which shall not be less than five dollars a month,

8. Prescribes procedure after approval of Supervisor to borrowing by an association. Effect of agreement for loan set out.

by which payment of the lien note is to be made, and the date in the month when the monthly instalments are to be paid, and

- (e) subject to subsection (3), expressed to be a lien and charge upon the land of the member or upon his interest in the land to which the electricity is to be conveyed, or upon both.

(2) The lien note shall be made and signed in the presence of an officer of the association obtaining it, and shall be certified by such officer.

(3) Where the Supervisor deems it expedient to do so, he may approve a lien note expressed to be a charge or lien upon land to which electricity is not to be conveyed by the association or upon any interest of a member in land whether or not electricity is to be conveyed to that land by the association.

(4) A lien note affects only the interest of the member in the surface rights of land.

8. (1) Upon receipt of the Power Commission's approval of an application for a loan and the application of the association therefor, if the requirements of this Act have been complied with by the association, the Supervisor may, in his discretion, approve the loan.

(2) If the Supervisor approves the loan, he shall enter into an agreement with the association in respect of the loan and shall by the agreement provide for

- (a) the amount of the loan and the events or times upon which advances of the loan are to be made,
- (b) the amounts and periods of repayment,
- (c) the duties of the association and the power company with respect to the collection of instalments from the members of principal and interest, and
- (d) such other matters and things as the Supervisor deems advisable.

(3) When the agreement has been executed, the Supervisor shall so notify the Provincial Treasurer, who shall advance the amount of the loan to the Supervisor to be advanced to the association in accordance with the terms of the agreement.

(4) The Provincial Treasurer thereafter has a first charge upon all the works of the association that are paid for wholly or in part out of the moneys loaned to the association.

(5) If default is made by the association in any of its payments under the agreement with the Supervisor, the Provincial Treasurer is subrogated to the rights of the association in respect of the lien notes of the members held by the association and may enforce payment of the lien notes in the same manner and to the same extent as the association could enforce payment.

9. Prescribes the method of payment of members to association, and collection, as well as repayment to lender.

10. Relates to default of members on payments of monthly instalments.

11. Provides for the additional costs of billing members.

12. Relates to the effect of a subsequent payment of arrears by a member.

9. (1) A member on whose behalf the association has borrowed money under this Act shall repay the loan by monthly instalments of principal and interest.

(2) The instalments shall be paid monthly to the power company as the agent of the association upon the receipt of a bill therefor from the power company.

(3) In the same manner and at the same time as it submits to the member its bill for operating charges, electricity charges or other monthly charges, the power company shall on behalf of the association render to the member a bill for the instalment of principal and interest due in that month from such member.

(4) The power company shall on behalf of the association remit to the Supervisor all monthly instalments collected by it from members of the association, and the Supervisor shall pay the same to the Provincial Treasurer for deposit in accordance with section 5 of *The Rural Electrification Revolving Fund Act*.

10. (1) If default is made by a member in the due payment of a monthly instalment in respect of a lien note made by him pursuant to section 7, all moneys payable by the member to the association under the lien note become due and payable.

(2) Upon such default the power company acting as agent for the association shall discontinue electric service to the member in default unless the Supervisor otherwise directs.

(3) The association may at any time thereafter take such other action as may be necessary to enforce payment of the balance owing on the lien note of the defaulting member.

11. Notwithstanding any contract that it may have with the association, the power company may collect a reasonable charge for the additional expense occasioned it by collecting the monthly instalments from the members on behalf of the association.

12. Notwithstanding section 10, if a member who defaulted on payment of a monthly instalment on a lien note later pays the arrears of instalments within such time as may be prescribed by the Supervisor,

- (a) the power company may resume electric service to the member upon payment by him of re-connection fees and other charges required of him for such re-connection, and
- (b) the association may reinstate the lien note of the member who shall thereafter pay his monthly instalments in accordance with the terms of his lien note.

13. Makes provision for conversion of member's loan under The Rural Electrification Revolving Fund Act to this Act in case of default, similarly in the case of guaranteed association loans.

14. Conversion authority generally where member of an association desires the method of repayment set out under this Act.

15. Requires that instalment dates be notified to members.

16. Filing requirements respecting lien notes against land benefiting or owned by member benefiting from the electrification, and effect of filing.

13. (1) Where default is made by a member of an association that financed the construction of its works by

- (a) a loan guaranteed under *The Co-operative Marketing Associations Guarantee Act*, or
- (b) a loan under Part I of *The Rural Electrification Revolving Fund Act*,

if the association instructs the power company to discontinue electrical service to the defaulting member, the member may request the association to obtain a loan under this Act to pay off the member's obligation, including principal and interest, under *The Co-operative Marketing Associations Guarantee Act* or *The Rural Electrification Revolving Fund Act*, as the case may be.

(2) If the moneys already paid by the defaulting member to the association under *The Rural Electrification Revolving Fund Act* exceeds, at the time of his request under this section, the sum of one hundred dollars, he shall be deemed to have made his required down payment under this Act and shall thereafter pay the regular instalments as required by this Act.

(3) The moneys previously paid by a member under the requirements of *The Co-operative Marketing Associations Guarantee Act* shall be taken to be the member's down payment for the purpose of a loan under this section to the association.

14. (1) Where a member of an association that financed the construction of its works by a loan under *The Rural Electrification Revolving Fund Act* wishes to have the payments on his lien note converted to the monthly instalments provided for a member under this Act, he may apply to his association to do so.

(2) With the approval of the Supervisor, the association may make all necessary arrangements to have such member's instalments converted to monthly instalments as provided by this Act, and upon such conversion the power company shall render bills to such member and shall collect the instalments from him as though the financing of the works of the association had been carried out under this Act.

15. After the agreement mentioned in section 8 has been executed, the association shall advise the members who have given lien notes to the association that their monthly instalments of principal and interest are to be made to the power company upon the due dates thereof and upon presentation of a bill therefor from the power company.

16. (1) Within thirty days after a loan is approved by the Supervisor, he shall cause a notice of the lien note, in Form B in the Schedule, to be filed in the office of the land titles office in the district in which is situated the land for which the association holds the lien notes.

17. Creation of lien against land for loan of member.

18. Disposition of refunds from costs of construction.

(2) The Registrar of Titles shall without fee endorse a memorandum in Form C in the Schedule upon the title to the land described in the notice of lien.

(3) Upon receiving notice in writing, in Form D in the Schedule, from the Supervisor that a lien note in respect of which a memorandum has been endorsed against the title of any land has been discharged by a member, the Registrar of Titles shall without fee cancel the memorandum on the title to the land.

(4) A lien may be postponed at the discretion of the Supervisor in accordance with subsection (3) of section 107 of *The Land Titles Act*.

(5) Notwithstanding the provisions of *The Tax Recovery Act*, a lien filed in respect of land or an interest in land under this Act continues to be an encumbrance against that land registered in the name of a subsequent owner or owners to the same extent as if proceedings had not been taken under *The Tax Recovery Act*.

17. (1) When notice in Form B in the Schedule is filed the association has a lien

- (a) upon the land of a member to which electricity is to be conveyed,
- (b) upon the interest of a member in the land to which electricity is to be conveyed,
- (c) upon the land or the interest in the land of a member in respect of which the association holds a lien under this Act,

to the amount of the lien note of the member held by the association and the lien has the same priority as if it were a mortgage under *The Land Titles Act* to secure the total amount of the note of the member registered in the proper land titles office at the time at which the notice of lien was filed in such land titles office.

(2) Land in respect of which notice of a lien note has been filed shall be deemed for the purposes of this Act, not a homestead within the meaning of *The Dower Act, 1948*.

18. (1) If the estimated cost of constructing the works of the association exceeds the actual cost and the power company constructing the works makes a refund to the association, after making any provision that the association deems fit for its deposit reserve, the association shall compute the amount of the refund remaining and due each member.

(2) Where a lien note of a member is held by the association, that member's share of the refund shall be credited as a payment on the total outstanding balance of the amount owing by him to the association.

(3) Where no lien note is held by the association in respect of a member, his share of the refund shall be paid to him in cash.

19. Authorizes payments in full by members where members desire to do so, and procedure thereon.

20. Authorizes regulations.

21. Empowers Power Commission to set priorities of construction on behalf of associations obtaining loans under this Act and having the same company supplying electricity and constructing works to and for them.

22. Makes it clear the Board of Public Utility Commissioners' powers not affected.

23. Coming into force provision.

(4) Any sums credited to members pursuant to subsection (2) shall be remitted to the Supervisor by the association irrespective of the dates for remittance by the association to the Supervisor specified in the agreement referred to in section 8.

19. (1) A member may at any time with the approval of the association or the Supervisor and upon such adjustment of interest as is equitable pay a lien note in full in advance of payment of all unpaid instalments of principal.

(2) The sums received by the association from any member who pays a lien note in full in advance of all instalments of principal shall be remitted forthwith to the Supervisor irrespective of the dates for remittance specified in the agreement referred to in section 8.

(3) Upon receipt of any sums pursuant to subsection (2) the Supervisor and the association shall vary the amounts payable under the agreement in order to compensate for the change in the interest payable annually by the association arising out of the depletion of the principal of the loan occasioned by a member's payment of a lien note in full.

20. Subject to the provisions of this Act, the Lieutenant Governor in Council, by regulation, may

- (a) prescribe forms to be used under this Act,
- (b) provide for the assignment, compromise, release or discharge of any security given for a loan,
- (c) make provision for any other matters concerning which regulations are deemed necessary or advisable to carry out the purpose and intention of this Act.

21. Where an electric power company has entered into an agreement with two or more associations that have made applications for and received loans under this Act whereby the electric power company has agreed to construct, maintain, repair or administer works to supply electricity to the associations and their members, the Power Commission may direct the company to proceed with the construction of the works of the associations in the order that to it seems advisable in the public interest.

22. Nothing in this Act shall be construed to restrict any power of the Board of Public Utility Commissioners to fix rates and otherwise supervise the operation of electric power companies in the Province.

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

SCHEDULE

FORM A

(Section 7)

MEMBER'S LIEN NOTE

I, of in the Province of Alberta, Farmer, a member of the Rural Electrification Association, Limited, hereby promise to pay to the Rural Electrification Association, Limited, within years from the day of A. D. 19....., being the day from which interest shall be computed, the following sum, that is dollars, (hereinafter called the principal), with interest at the rate of three and one-half per cent per annum, the principal and accrued interest to be repayable in instalments as follows: instalments of dollars, the first instalment to be made on the day of, 19..... and dollars each month thereafter, until the required number of payments have been made.

Each monthly instalment shall be paid as required by the bill to be rendered by the and may be paid with the monthly energy bill.

Description of Land, Section Township.....

Range West of the Meridian.

Dated at in the Province of Alberta, this... day of 19.....

The above was made and signed in my presence by the said	}
		Signature of Member
	
..... this day of	}	Signature of Officer
	 Rural Electrification Association, Limited

FORM B

(Section 16)

NOTICE OF LIEN

Take notice that the Rural Electrification Association, Limited, of in the Province of Alberta, under *The Rural Electrification Long Term Financing Act*, holds lien notes executed and made by the parties shown on the attached Schedule, who are members of the said Association, and that pursuant to the provisions of section 17

FORM D

(Section 16)

To the Registrar

..... Land Registration District

Take notice that
has repaid in full the amounts owing upon his lien note
under *The Rural Electrification Long Term Financing
Act*, notice of which note was endorsed by memorandum
upon the title to the following land, namely,
.....

.....
and therefore the said memorandum is to be cancelled forth-
with.

Dated this day of 19

.....
Supervisor of Co-operative Activities.

SECOND SESSION
THIRTEENTH LEGISLATURE
4 ELIZABETH II
1956

BILL

An Act to Provide a Further Means
of Assisting the Construction and Ex-
pansion of Rural Electrification by
Longer Term Financing

Received and read the

First time.....

Second time.....

Third time.....

HON. MR. REIERSON
