

No. 86

3rd Session, 13th Legislature, Alberta
5 Elizabeth II, 1957

BILL 86

A Bill to Provide a Revolving Fund to Facilitate the
Construction of and to Assist in the Modernization of
Rural Telephone Systems

HON. MR. TAYLOR

EDMONTON, ALBERTA
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1957

Explanatory Note

General. This Bill enacts a new Act to be known as "The Rural Telephones Revolving Fund Act". It will provide a means of making funds available to existing rural mutual telephone companies for modernization of their systems and to new companies desiring funds to finance new systems.

2. Definitions of terms used.

3. Establishes the revolving fund, and prescribes a limit of ten millions thereto .

4. Authorizes loans under this Act.

5. Relates to the distribution of receipts from loans.

BILL

No. 86 of 1957

An Act to Provide a Revolving Fund to Facilitate the Construction of and to Assist in the Modernization of Rural Telephone Systems

(Assented to _____, 1957)

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 Telephones Revolving Fund Act*".

2. In this Act,

- (a) "company" means a rural mutual telephone company within the meaning of *The Rural Mutual Telephone Companies Act*;
- (b) "fund" means the Rural Telephones Revolving Fund established pursuant to this Act;
- (c) "Minister" means the Minister of Telephones;
- (d) "subscriber" means a person who enters into a contract with a company to receive any of the services provided by the company;
- (e) "works" means the poles, lines, conduits, structures, and equipment for the distribution or measuring of a telephone service.

3. (1) The Provincial Treasurer shall establish a fund which shall be known as the Rural Telephones Revolving Fund.

(2) From time to time there shall be advanced to the fund, upon the request of the Minister, such sums as may be required for the purposes of this Act.

(3) The amount of advances to the fund and outstanding at any one time shall not exceed ten million dollars.

4. Loans may be made to companies from the fund in accordance with the requirements of this Act.

5. (1) Moneys received as repayment of principal of loans made under this Act shall be credited to the fund.

(2) Moneys received as payment of interest on loans made under this Act shall be deposited in the General Revenue Fund of the Province.

6. Permits unused funds to be transferred to general revenue.

7. Establishes principle eligibility for loans.

8. Purposes for which loans may be made.

9. When Minister may recommend loans, and the contents of the recommendation.

6. (1) The Provincial Treasurer may, when he deems it desirable to do so, transfer from the fund to the General Revenue Fund any sum lying unused in the fund.

(2) A sum so transferred from the fund to general revenue shall be by way of a reduction of the advances outstanding to the fund.

7. No company is eligible for a loan under this Act until all assessments, instalments and any other sums agreed to be paid or payable in respect of the shares of the company have been received by the company from its shareholders.

8. Where a company is eligible for a loan under this Act, if moneys are required for any or all of the following purposes, namely:

- (a) to commence and carry out the construction of a telephone system in an area where no telephone facilities then exist;
- (b) to extend the existing telephone facilities of the company;
- (c) to replace or repair existing works of a company;
- (d) to carry out any other project deemed by the Minister to be a replacement, renewal or extension of the capital works of the company;

the company may apply to the Minister for a loan under this Act.

9. (1) Where the Minister is satisfied by such inquiries and investigations as he may desire to make that

- (a) the works of the company will comply with the transmission and construction standards recommended by the Alberta Government Telephone System for rural mutual telephone systems, and
- (b) that the telephone subscription rates and charges for telephone services are and will remain such as will permit the company to establish and maintain an adequate depreciation reserve for the replacement of obsolete works and continued maintenance of its service to Alberta Government Telephone standards,

the Minister may recommend to the Provincial Treasurer that a loan be made to the company.

(2) The recommendation shall state

- (a) the amount to be loaned,
- (b) the times and amounts of the advances to be made under the loan,
- (c) the type and extent of the security to be required,
- (d) any other assurances, agreements or collateral securities that may be required from the company, and
- (e) the amounts of repayments to be required of the company.

10. Relates to the security for loans and provides for a guarantee by shareholders, and agreements by subscribers.

11. Prescribes interest rate and duration of loans.

(3) The Minister may in his discretion recommend any amount not exceeding seventy-five per centum of the subscribed share capital of the company as the amount approved for a loan.

(4) With the approval of the Lieutenant Governor in Council and having regard to the size, population, topography and economy of the area served by the company, the Minister may recommend an amount not exceeding the subscribed share capital of the company as the amount of the loan.

10. (1) The company shall, upon the request of the Minister, require each shareholder or any of them to guarantee the repayment of such portion of the loan as the Minister deems necessary.

(2) The portion of a loan secured by a guaranty shall be a debt to the Crown and the full amount secured under a guaranty shall become due and owing to the Crown

(a) upon the guarantor

(i) cancelling his subscription unless he does so with the approval of the company or refusing or neglecting to pay the proper rates charged him, or

(ii) selling or otherwise disposing of his shares in the company unless the person acquiring the shares gives security satisfactory to the Minister,

or

(b) upon the company defaulting in the payment of interest or in the repayment of any sum due on the loan.

(3) Where the Minister considers it expedient, the company may release a guarantor from his guaranty or may postpone the enforcement of the guarantee, but no such postponement shall be deemed to be in any way a waiver of any of the rights of the Crown under the guaranty and under this Act.

(4) *The Guarantees Acknowledgment Act* does not apply to a guaranty made pursuant to this Act.

(5) The company shall upon the request of the Minister require shareholders of the company to give such other security in such other form or forms as the Lieutenant Governor in Council may approve.

(6) After a loan has been granted and before it has been repaid in full, together with interest, no person shall subscribe to the company's services until he has given such agreements to the company as the Minister may require.

11. (1) All loans made under this Act shall be at the rate of four and one half per centum per annum, and shall be for any period not exceeding ten years.

12. Advances to be made by Provincial Treasurer.

13. Power to disconnect facilities of company from Alberta Government Telephone System.

14. Authorizes appointment of agent to operate company in certain cases to preserve company or security.

(2) Notwithstanding subsection (1), the Lieutenant Governor in Council may prescribe such lesser rate or rates of interest as may, from time to time, be deemed necessary or expedient in the interests of rural residents.

(3) The repayment of the loan and the payment of interest shall be by monthly instalments payable on such day of the month as the Minister may approve.

12. When a company has made an application for a loan that has been approved by the Minister, the Provincial Treasurer shall advance from the fund to the company such amount, in such manner, at such times, and upon receipt of such securities, agreements or documents as the Minister requires.

13. (1) When a company makes default upon any payment of interest or upon any repayment of principal or fails to carry out any undertaking or agreement in respect of the loan, the Minister may cause the works of the company to be disconnected from the Alberta Government Telephone System for such period or periods as he may deem advisable.

(2) Where a company that has a loan under this Act contravenes, in the opinion of the Minister, any regulation made under this Act, the Minister may disconnect the works of that company from the Alberta Government Telephone System for such period or periods as he may deem necessary.

14. (1) Where a company

- (a) defaults in payment of any principal or interest due on a loan under this Act,
- (b) fails to maintain adequate reserves,
- (c) permits any execution or distress levied against its property to remain unsatisfied for a period of two weeks,
- (d) ceases to carry on business,
- (e) commits a breach of any covenant made by it with the Crown, or
- (f) commits a breach of any order affecting it made under this Act,

and the Minister is of the opinion that the repayment of the loan or the capital works of the company is being endangered, the Minister may appoint an agent to operate the company.

(2) An agent appointed under this section

- (a) has all the powers and duties of the directors of the company, and may take possession of and operate, manage and conduct the business of the company by such managers, servants or agents as he may think advisable, and

15. Authorizes Ministerial orders regarding reserves and rates by borrowing companies.

16. Permits regulations to be made.

17. Coming into force.

(b) shall be deemed an agent of the company and the company shall be deemed to be responsible for his acts and defaults.

(3) When an agent for a company is appointed under this section, the directors of the company shall cease to exercise any powers of performing any duties in respect of the company until the Minister revokes the appointment of the agent.

(4) A person who obstructs an agent appointed under this Act in the performance of any duty or in the exercise of any power of a director in respect of the company is guilty of an offence and liable on summary conviction to a fine not exceeding one hundred dollars.

15. With the approval of the Lieutenant Governor in Council, the Minister may by general or particular orders

- (a) require that reserve funds be established and maintained by any company making or having made an application under this Act,
- (b) prescribe the manner of establishing and maintaining a reserve fund,
- (c) prescribe the uses to be made of a reserve fund and prohibiting uses thereof,
- (d) prescribe minimum and maximum service rates and charges for the telephone services supplied by a company, and
- (e) make such other provision as may be necessary in the opinion of the Minister to ensure the economical and efficient operation of a company that has or has had a loan under this Act.

16. The Lieutenant Governor in Council may make regulations prescribing forms for use under this Act and for such purposes as may be necessary or expedient to carry out the purposes of this Act.

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

No. 86

THIRD SESSION

THIRTEENTH LEGISLATURE

5 ELIZABETH II

1957

BILL

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to Assist in the Modernization of
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Received and read the

First time.....

Second time.....

Third time.....

HON. MR. TAYLOR
