

Bill No. 18 of 1935.

A BILL RESPECTING RURAL MUTUAL TELEPHONE
COMPANIES.

NOTE.

This Bill makes special provisions for the regulation of telephone companies incorporated under the provisions of section 156 of *The Companies Act, 1929*.

A telephone company may only operate a telephone system in an area assigned to it by the Minister under section 3, and that area may not include any area which is included within the boundaries of any city, town or village.

Such a telephone company may not dispose of its system without the consent in writing of the Minister or enter into any agreement with any person other than the Alberta Government Telephones or another rural mutual telephone company whereby the company confers upon any other person any right to the use of the system of the company, whether that use be jointly with the company or otherwise.

Every company is required to furnish a telephone service to every resident of its area upon the resident entering into an agreement providing for the payment of the cost of installation and the periodical charges for the service.

If, in order to afford a telephone service, the construction of a poll line is necessary, the company may require provision to be made for the cost thereof.

The charges for a telephone service must be at a uniform rate and the company may differentiate between persons who are shareholders and persons who are not.

Every company is required to keep proper books and to make proper returns, and provision is made for the audit of books.

The authorized capital of a company is a sum equivalent to fifteen dollars for each mile of poll line of the system of the company, or such greater sum as may be fixed by the Minister, divided into ordinary shares which are non-dividend bearing and not divisible, and no individual may be the holder of more than one share except only when he holds that share in a representative capacity.

Section 14 relieves the company of the liability for damages caused by defects or want of repair in its system unless notice in writing of the defect or want of repair has been previously given to the company and the company has failed to make good the defect or to make the requisite repair within forty-eight hours after the receipt of the notice.

R. ANDREW SMITH,
Legislative Counsel.

(This note does not form any part of the Bill and is offered merely as a partial explanation of some of its provisions.)

BILL

No. 18 of 1935.

An Act respecting Rural Mutual Telephone Companies.

(Assented to _____, 1935.)

HIS 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 Mutual Telephone Companies Act.*"

2. In this Act, unless the context requires a contrary meaning, the expression—

- (a) "Minister" means the Minister of Railways and Telephones;
- (b) "Regulations" mean regulations made pursuant to this Act;
- (c) "Rural Mutual Telephone Company" and "Company" each means a telephone company incorporated under section 156 of *The Companies Act, 1929*.

3.—(1) The Minister may by order from time to time define as a Rural Telephone Area any specified townships or parts of townships which are not within the boundary of any city, town or village; and may from time to time by order add to or take away from a Rural Telephone Area any township or part of a township specified in the order.

(2) Every order made pursuant to this section shall be published in *The Alberta Gazette* and shall take effect as and from the date of publication.

(3) In the case of every company heretofore incorporated under section 156 of *The Companies Act, 1929*, the Minister shall as soon as conveniently possible create a Rural Telephone Area which shall include the townships or parts of townships, not being within the boundaries of any city, town or village within which the company is operating a telephone system as at the time of coming into force of this Act, and shall assign that area to the company as the area within which the company is authorized to operate a telephone system.

4. Hereafter no company shall be incorporated under section 156 of *The Companies Act, 1929*, unless and until the Minister has created a Rural Telephone Area and has assigned it to the company as the area within which the company is authorized to operate a telephone system.

5. It shall not be lawful for a company to dispose of its telephone system or any part of it without the consent in writing of the Minister.

6. Subject to the other provisions of this Act, it shall not be lawful for a company to enter into any agreement with any person other than the Alberta Government Telephones or another rural mutual telephone company whereby the company confers upon any other person any right to the use of the system of the company, whether that use be jointly with the company or otherwise.

7. A company shall have the power to enter into agreements—

- (a) with the Alberta Government Telephones for any purpose which is related to or incidental to the purposes for which the company is incorporated;
- (b) with any other company to which this Act applies for the construction or use, or both, of any common lead and for the reconstruction, improvement and maintenance of any such lead.

8. A company to which this Act applies shall furnish a telephone service to every person who is resident within the Rural Telephone Area of the company upon that person entering into an agreement to the satisfaction of the company providing for payment, of the cost (if any) of installing the service and the periodic charge for the service.

9. Every person desiring telephone service shall make application in writing therefor to the company, and if required so to do by the company shall apply for a share in the company unless he is then a shareholder.

10. In any case where it is necessary, for the purpose of affording a telephone service, to construct a pole line, the company shall not be liable to provide the service unless and until provision has been made to the satisfaction of the company for the payment of the cost of construction of the requisite pole line from the nearest feasible point on the company's telephone system.

11. The amount payable periodically for a telephone service in any Rural Telephone Area shall be at a uniform rate for each person who is afforded a telephone service in that area, and in case a company furnishes a service to persons who are not shareholders it may prescribe one uniform rate for persons who are shareholders and another uniform rate for persons who are not shareholders.

12. The company shall annually and as soon as is reasonably possible after the thirty-first day of March in each year—

- (a) cause to be prepared an account of its receipts and expenditures and an account of its assets and liabilities covering such period, in such form and setting out such information as may be from time to time prescribed by the Minister;
- (b) make an itemized estimate, in such form as may be from time to time prescribed by the Minister, of its probable expenditures for the current year.
- (c) fix the rates to be paid for telephone service for the current year at such amounts as will produce a sufficient sum to meet the estimated expenditures of the company for that year.

13. The company shall exercise ordinary care and diligence in the installation, operation and maintenance of its system.

14. The company shall not be liable for any injury to person or property caused by any defect in or want of repair to the telephone system of the company unless notice in writing of the defect or want of repair has been previously given to the company and the company has failed to make good the defect or make the requisite repair within forty-eight hours after the receipt of the notice.

15. No company shall operate a telephone system outside of the Rural Telephone Area which is assigned to it.

16. The authorized capital of a company shall be a sum equivalent to fifteen dollars for each mile of pole line of the system of the company or such greater sum as may be fixed by the Minister as the amount of the authorized capital of the company.

17.—(1) The capital of a company shall be divided into ordinary shares which shall not be dividend bearing and shall not be divisible.

(2) No one share shall be issued to more than one person, nor shall the same be registered in the name of more than one person except only in the case where the share has devolved upon the personal representative of a deceased shareholder or the assignee in bankruptcy of a shareholder.

18. No person shall be allotted more than one share and no person other than the personal representative of a deceased shareholder or the assignee in bankruptcy of a shareholder shall be capable of acquiring and holding more than one share at any one time, and any transfer of a share to a person who is the holder of four shares shall be null and void.

19. No share shall be transferable except with the consent of the directors and then only to some other person

who has applied for or who is receiving telephone service from the company.

20. No shareholder shall be eligible for election as a director or be capable of or permitted to vote at any meeting of the company at any time at which his service has been discontinued or is suspended for nonpayment of the amounts due to the company for the service or on account of the breach of any of the terms and conditions of the provision of the service.

21. No remuneration shall be payable to any director for his services.

22. Every company shall cause to be kept books of account setting out its assets and liabilities and its receipts and expenditures, and shall, as soon as may be after the thirty-first day of March in each year, cause to be prepared a statement showing as at the thirty-first day of March the assets and liabilities of the company and all disbursements made and moneys received during the year.

23. As soon as is reasonably possible after the thirty-first day of March in each year the company shall have an audit made of its books for the year ending on that date by an auditor approved by the Minister, and the auditor may be a natural person, a partnership or an incorporated company.

24. The auditor shall upon completion of the audit forward to the Minister without undue delay a copy of his report certified by him as correct.

25. In case a company has not caused its books to be audited within three months after the thirty-first day of March in any year, the Minister may appoint some person by writing under his hand to make the audit and every person who has in his possession any books, papers or other documents relating to the financial affairs of the company who omits or fails to deliver the same to the person so appointed on demand shall be guilty of an offence and shall be liable on summary conviction to a fine of not more than one hundred dollars and costs, and in default of payment to imprisonment for a term of not more than sixty days.

26.—(1) The Minister with the approval of the Lieutenant Governor in Council, may from time to time make regulations as to the manner in which a company may exercise any power conferred upon it by this Act and any proceeding under this Act shall be conducted, and may prescribe the forms to be used in relation thereto and may prescribe as to the standards of the construction, maintenance and operation of telephone systems to be adopted by companies to which this Act applies.

(2) The Lieutenant Governor in Council may from time to time by order declare that any of the provisions of *The Companies Act, 1929*, shall be inapplicable to companies to which this Act applies and prescribe, in lieu of or addition to any such provisions, different or other provisions.

(3) Every order and regulation made pursuant to this section shall be published in *The Alberta Gazette* and shall take effect upon publication or upon such later date as may be specified for that purpose, and upon taking effect shall have the same force and effect as if the same had been expressly enacted as a part of this Act.

27. The Minister may in his discretion at any time discontinue the connection of any company with the Alberta Government Telephone System in the event of the breach by the company of the terms of its agreement or of any provision of this Act or any regulation made in pursuance of this Act.

28. For the purpose of constructing, maintaining and operating a telephone system, every company shall, subject to regulations, have the power to enter upon any highway, road, street or lane within the Rural Telephone Area of the company and to erect and maintain pole lines along and over the same.

29. In case any conflict arises between any provision of this Act or of any regulation made pursuant thereto and any provision of *The Companies Act, 1929*, the provisions of this Act shall prevail.

30. Neither *The Security Frauds Prevention Act*, *The Companies Information Act*, nor *The Public Utilities Act, 1923*, shall apply to any company to which this Act applies.

31. This Act shall come into force on the day upon which it is assented to.

FIFTH SESSION
SEVENTH LEGISLATURE
25 GEORGE V
1935

B I L L

An Act respecting Rural Mutual
Telephone Companies.

Received and read the

First time.....

Second time.....

Third time.....

HON. MR. HOADLEY.

EDMONTON:
W. D. McLEAN, KING'S PRINTER
1935