



Province of Alberta

## **RURAL UTILITIES ACT**

Revised Statutes of Alberta 2000  
Chapter R-21

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Office Consolidation

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### **Note**

All persons making use of this consolidation are reminded that it has no legislative sanction, that amendments have been embodied for convenience of reference only, and that the original Acts should be consulted for all purposes of interpreting and applying the law.

### **Regulations**

The following is a list of the regulations made under the *Rural Utilities Act* that are filed as Alberta Regulations under the Regulations Act

	<b>Alta. Reg.</b>	<i>Amendments</i>
<b>Rural Utilities Act</b>		
Rural Utilities .....	151/2000 .....	27/2002, 354/2003, 46/2008, 68/2008, 109/2008

# **RURAL UTILITIES ACT**

## Chapter R-21

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

#### Definitions

1 In this Act,

- (a) “association” means an association continued under section 2 or incorporated under section 5;
- (b) “bylaws” means the standard bylaws and the supplemental bylaws of an association;
- (c) “Director” means
  - (i) with respect to rural electrification associations, the Director of Rural Electrification Associations,
  - (ii) with respect to natural gas associations, the Director of Natural Gas Co-operatives, and
  - (iii) with respect to water, sewage or water and sewage associations, the Director of Water and Sewage Co-operatives,appointed by the Minister and, with respect to an association that supplies more than one type of utility service, means the Director designated by the Minister;
- (d) “extraordinary resolution” means a resolution passed by a majority of not less than  $\frac{2}{3}$  of the votes cast at a general meeting of which not less than 15 days’ written notice specifying the intention to propose the resolution as an extraordinary resolution has been given;
- (e) “Minister” means the Minister determined under section 16 of the *Government Organization Act* as the Minister responsible for this Act;

- (f) “Registrar” means Registrar as defined in the *Business Corporations Act*;
- (g) “standard bylaws” means the standard bylaws prescribed under this Act;
- (h) “works” means electric power lines, natural gas pipelines, water pipelines or sewage mains and any fitting, apparatus, meter, regulator, wire, conductor, transformer, pole, pipe, valve or other thing constructed or placed in or on land for the purpose of providing a utility service.

1985 cR-21 s1;1991 c32 s2

**Existing rural utility associations**

**2(1)** A co-operative association incorporated under the *Co-operative Associations Act* before July 21, 1986 that has as its principal object the supplying of one of the services enumerated in section 3(1) is continued as an association under this Act as if it were incorporated under this Act.

**(2)** A reference in any enactment or elsewhere to an association registered or incorporated under this Act is deemed to include a reference to an association continued under subsection (1).

1985 cR-21 s2

## **Part 1 Rural Utility Associations**

### **Incorporation**

**Application to incorporate**

**3(1)** Five or more persons who desire to be associated together in a co-operative association with the principal object of supplying any one or more of the following:

- (a) electricity;
- (b) natural gas;
- (c) water, primarily for domestic use;
- (d) sewage disposal;
- (e) water, primarily for domestic use, and sewage disposal,

to its members primarily in a rural area may apply to be incorporated under this Act.

(2) An application for incorporation is to be made by delivering to the Director

- (a) a memorandum of association in the prescribed form signed by the 5 or more persons,
- (b) a deposit of the fees payable to the Registrar as required by the regulations,
- (c) documents relating to corporate names as required by the regulations, and
- (d) any information respecting the subscribers to the memorandum of association that may be required by regulations under the *Agricultural and Recreational Land Ownership Act* and section 35 of the *Citizenship Act* (Canada) in the form and manner prescribed by those regulations.

(3) The memorandum of association may be accompanied with supplemental bylaws as provided in section 9, in which case the supplemental bylaws shall be signed by the same persons who signed the memorandum of association.

RSA 2000 cR-21 s3;2003 c5 s3

#### **Corporate name**

**4(1)** The name of an association

- (a) shall include the word “Limited” or the abbreviation “Ltd.” as the last word;
- (b) may include the word “Co-operative” or the abbreviation “Co-op”;
- (c) shall, in the case of an association that may supply electricity, include the words “Rural Electrification Association” or the abbreviation “REA”

but, in each case, the association may use either the word or the abbreviation and reference to the association may be made in the same manner.

(2) An association shall not have a name

- (a) that is prohibited by the regulations or contains a word or expression prohibited by the regulations,
- (b) subject to the circumstances and conditions prescribed by regulation, that is identical to the name of

- (i) a body corporate incorporated under the laws of Alberta, whether in existence or not,
  - (ii) an extra-provincial corporation registered in Alberta, or
  - (iii) a corporation incorporated by or under an Act of the Parliament of Canada,
- (c) that is similar to the name of
- (i) a body corporate incorporated under the laws of Alberta,
  - (ii) an extra-provincial corporation registered in Alberta, or
  - (iii) a corporation incorporated by or under an Act of the Parliament of Canada
- if the use of that name is confusing or misleading, or
- (d) that does not meet the requirements prescribed by the regulations.

1985 cR-21 s4

**Incorporation**

**5(1)** The Director may approve, amend or reject the memorandum of association and any supplementary bylaws, or any part of them, and

- (a) if the Director approves the memorandum and bylaws, the Director shall transmit the documents and the deposit for fees to the Registrar, but
- (b) if the Director does not approve the memorandum and bylaws, the Director shall return the documents, together with the deposit, to the person from whom the Director received them.

**(2)** On receipt of the documents and fees from the Director, the Registrar shall register the memorandum and bylaws and issue a certificate of incorporation in a form determined by the Registrar.

**(3)** From the issue of a certificate of incorporation, the subscribers to the memorandum of association and all persons who subsequently become members of the association are a corporation under the registered name of the association.

**(4)** A certificate of incorporation is conclusive proof for all purposes



- (a) that the provisions of this Act in respect of incorporation and all requirements precedent and incidental to incorporation have been complied with, and
- (b) that the association has been incorporated under this Act as of the date shown in the certificate.

1985 cR-21 s5

**Alteration of memorandum**

**6(1)** The memorandum of association may be amended by extraordinary resolution, but no amendment has any force until a copy, certified by the chair or secretary to be a true copy of the amendment, has been approved by the Director and filed with the Registrar.

**(2)** Where an association changes its name it shall, unless otherwise provided by the Director, file with the Director, in addition to the copy of the amendment filed under subsection (1), documents relating to corporate names as required by the regulations.

1985 cR-21 s6

**Name change**

**7(1)** Where an association gives an undertaking to dissolve or change its name and the undertaking is not carried out within the time specified, the Registrar may, by notice in writing giving the Registrar's reasons, direct the association to change its name to one that the Registrar approves within 60 days from the date of the notice.

**(2)** If, through inadvertence or otherwise, an association comes into existence with or acquires a name that contravenes section 4, the Registrar may, by notice in writing giving the Registrar's reasons, direct the association to change its name to one that the Registrar approves within 60 days from the date of the notice.

**(3)** The Registrar may give a notice under subsection (2) on the Registrar's own initiative or at the request of a person who feels aggrieved by the name that contravenes section 4.

**(4)** If an association

- (a) is directed to change its name under subsection (1) or (2), and
- (b) does not appeal the request of the Registrar within 60 days from the date of the notice,

the Registrar may revoke the name of the association and assign to it a number designated or a name approved by the Registrar and, until changed in accordance with section 6, the name of the association is the designated number or name so assigned.

1985 cR-21 s7

#### **Corporate seal**

**8(1)** An association shall adopt a corporate seal that contains the name of the association and may change it at pleasure.

**(2)** A document signed on behalf of an association by a person acting under the authority of the association is not invalid only because a corporate seal is not affixed to the document.

1985 cR-21 s8

#### **Bylaws**

**9(1)** Subject to this section, the standard bylaws, as amended from time to time, are the bylaws of each association.

**(2)** The supplemental bylaws of an association

- (a) filed with the Registrar at the time of incorporation, or
- (b) made pursuant to this section,

may modify or change the standard bylaws with respect to that association.

**(3)** An association may at an annual meeting or a general meeting called for the purpose

- (a) make supplemental bylaws for the regulation of the business and affairs of the association, and
- (b) amend or rescind any supplemental bylaws, including any filed with the Registrar at the time of incorporation.

**(4)** Without restricting the generality of anything in this section, supplemental bylaws may provide for

- (a) the division into districts of the territory in which the association does business,
- (b) the election of directors from the districts, including the number of directors from each district, and
- (c) the method of forming new districts, either in addition to or in substitution for the old districts.

(5) The supplemental bylaws may, with respect to natural gas, water or sewage disposal service, establish the terms of service to non-members.

(6) No supplemental bylaw comes into force until it has been approved by the Director and filed with the Registrar.

1985 cR-21 s9

### **Membership**

**10(1)** The members of an association are not, as members, liable for any liability, act or default of the association beyond any amount due and unpaid with respect to membership fees.

(2) The rights and conditions of membership in an association may be prescribed in the memorandum of association or the bylaws or partly in one and partly in the other.

(3) Unless provision is made in the memorandum or bylaws of an association to the contrary, a person of the age of 16 years and over

- (a) may be a member, and
- (b) may, subject to the bylaws, enjoy all the rights of a member and execute all instruments and give all acquittances necessary to be executed or given under the bylaws,

but no member under the age of 18 years may be a director, manager or treasurer of the association.

(4) An association shall keep a register of members which shall be admitted in evidence as proof, in the absence of evidence to the contrary, of any of the particulars entered in it relating to

- (a) the name and address of each member and the number of utility service contracts held by the member, and
- (b) the date on which the name of a person was entered in the register as a member and the date on which a person ceased to be a member.

(5) An association shall

- (a) allow a member to inspect the membership register at reasonable times during business hours at the head office of the association or other place where the register is kept, subject to any bylaws of the association respecting the time and manner of inspection made by the association at a general meeting, and

- (b) provide a copy of the membership register to a member on payment of a reasonable fee determined by the association.

**(5.1)** Unless the bylaws of the association provide otherwise, a member may advise the association in writing that that person's name is not to be included in a copy of a membership register provided under this section, and in that case the association shall not include the name and shall include on the copy that is provided a statement that it is incomplete.

**(5.2)** A person who obtains a copy of the membership register

- (a) shall not release the membership register or any information in it to any other person without first obtaining the consent of the board of directors, and
- (b) shall not use the membership register or any information in it for any purpose other than communicating with the other members on matters specific to the affairs of the association.

**(6)** Subject to Part 2, no member or person, unless the member or person is an officer or auditor of the association, or specially authorized by a resolution of the association, shall inspect a loan or deposit or other business account of any other member without the written consent of that member.

**(7)** Unless the memorandum or bylaws of an association otherwise provide, the directors may, by a resolution passed by a majority of not less than 75% of those present at a duly called board meeting, order the expulsion of a member from the association.

RSA 2000 cR-21 s10;2003 c5 s3

#### **Withdrawal from membership**

**11(1)** When a person withdraws from membership in an association, the association is not required to refund any contribution for construction and extension line costs, for a reserve account or for a levy paid by the member pursuant to this Act.

**(2)** The memorandum of association and bylaws of every association that supplies electricity or natural gas shall provide and are deemed to provide and to have always provided

- (a) that no member leaving the association is entitled to receive from the association any portion of the member's equity in the association greater than \$1, unless the directors otherwise direct with the concurrence of the Director, and

(b) that no member leaving the association is entitled to receive from the association any portion of the reserves of the association until the directors otherwise direct with the concurrence of the Director.

(3) The Director, with the concurrence of the Minister, may withhold or delay the refunding of the reserves, or portions of the reserves, having regard to the reserves reasonably required.

1985 cR-21 s11

### General meetings

**12(1)** The first general meeting of an association must be held within 2 months from the date of incorporation and subsequently a general meeting shall be held annually at the time and place prescribed in the bylaws.

(2) Special general meetings of an association may be called at other times as prescribed in the bylaws.

(3) If it is impractical to call a meeting of an association in the manner provided for in the bylaws, the Court of Queen's Bench may on application prescribe the manner of calling the meeting.

(4) At meetings of an association

(a) a member has one vote regardless of the number of utility service contracts held by the member, and

(b) no member may vote by proxy.

(5) Notwithstanding subsection (4)(b), a person who is named as a member's attorney in an enduring power of attorney within the meaning of the *Powers of Attorney Act* and who has authority to act under the enduring power of attorney may, unless the enduring power of attorney provides otherwise, exercise the member's vote at a meeting of the association.

RSA 2000 cR-21 s12;2003 c5 s3

### Election of directors

**13(1)** The election of directors shall be by ballot and each member is entitled to one vote only and each vote shall be cast or given by the member entitled to vote and by no other person.

(2) If an election of directors is not held on the day designated in the bylaws of the association for it to be held, the association shall not for that reason be dissolved, but an election may be held on another day

(a) in a manner provided for in the bylaws, or

- (b) at a general meeting of the members called for that purpose, notice being given of the election as provided in the bylaws for calling a general meeting,

and all acts of the directors before their successors are appointed, unless otherwise invalid, are valid and binding.

(3) A director elected at the first general meeting who is not at the time of the director's election a member of the association and who fails to become a member within 2 months from the date of the director's election ceases to be a director and the vacancy so created shall be filled by appointment by the remaining directors.

(4) No person who is not a member of the association shall be elected or appointed a director after the first general meeting and the election or appointment of a person who is not a member is void.

(5) When the bylaws of an association provide for the election of directors by members voting by districts, the directors so chosen are deemed to be elected by all the members who voted for the directors to the same extent as if the election had been by vote of all the members eligible to vote.

(6) When a vacancy occurs on the board of directors, the remaining directors may appoint as a director a member who is in good standing with the association, who shall hold office until the next general meeting of the association.

(7) All acts of the directors are valid notwithstanding a defect in the appointment or qualification of any director.

(8) Notwithstanding anything in this section, where a corporation is a member of an association, the person appointed by the corporation to represent it at meetings of the association is eligible to be a director of the association.

1985 cR-21 s13;1998 c23 s21

#### **Alternative methods of voting**

**14** A vote in respect of any matter relating to an association, including but not limited to a matter before a general meeting, may be conducted by mail or electronic means in accordance with the bylaws of an association.

1998 c23 s21

## Management of Business and Affairs

### Powers of directors

**15(1)** The directors have the general direction and supervision of the affairs and business of the association.

**(2)** The directors may, by resolution, appoint managers and other officers that they consider necessary for the conduct of the affairs and business of the association and may define their duties and fix their remuneration.

**(3)** Meetings of the directors shall be held at the times prescribed by the bylaws, but not less than once every 3 months.

**(4)** A director who is a party to any legal proceedings against the association is not entitled to vote or be present at any part of a meeting of the directors when the subject-matter of the legal proceedings is under consideration.

1985 cR-21 s14

### Ancillary powers

**16(1)** An association has, as ancillary and incidental to the objects set out in its memorandum of association, the following powers, except any of them that are expressly excluded by the memorandum:

- (a) the power to purchase, take on lease or in exchange, hire or otherwise acquire and hold real or personal property that the association considers necessary or convenient for the purpose of its business and, subject to this Act, to sell, mortgage, lease or otherwise dispose of the property;
- (b) the power to enter into an agreement for co-operation, joint venture, reciprocal concession or otherwise with another association or with a person, company or co-operative association having objects wholly or in part similar to the objects of the association or engaged in a business or enterprise capable of being conducted so as directly or indirectly to benefit the association;
- (c) the power to enter into arrangements with a government or authority, municipal, local or otherwise, that seem beneficial to the association, and to obtain from that government or authority any rights, privileges and concessions that the association thinks it desirable to obtain, and to carry out, exercise and comply with those arrangements, rights, privileges and concessions;

- (d) the power to draw, make, accept, endorse, execute and issue promissory notes, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments;
  - (e) the power to borrow and secure the payment of money on terms and conditions that the directors by resolution determine;
  - (f) subject to the regulations, the power to invest and deal with the money of the association not immediately required, including deposit accounts and reserves, in any manner that may from time to time be determined by the directors;
  - (g) the power to take or hold mortgages, hypothecs, liens and charges to secure payment of the price of any part of the property of the association sold by the association or any money due to the association from purchasers and others and to assign or otherwise dispose of the mortgages, hypothecs, liens and charges;
  - (h) the power to pledge its credit for the purchase of goods or in any other transaction coming within its objects;
  - (i) the power to hold for sale or consignment goods covered by a written agreement whereby property in the goods remains in the consignor until settlement is made according to the terms of the agreement;
  - (j) the power to establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the association or its predecessors in business, or the dependants or connections of those persons, to grant pensions and allowances and to make payments toward insurance;
  - (k) the power to do all other things that are incidental or conducive to the attainment of the objects and the exercise of the powers of the association;
  - (l) the power to do all or any of the above things as principal, agent, contractor or otherwise and by or through trustees, agents or otherwise and either alone or in conjunction with others.
- (2) Except as is otherwise permitted under the regulations, no loan for any purposes other than the principal objects for which the association was formed shall be made by an association to a member or director or to any other person.



**(3)** In addition to any investments authorized by the regulations or by the trust instrument, an association may invest funds in any other securities that the Court of Queen's Bench on application in any particular case approves, but nothing in this section relieves the association of its duty to take reasonable and proper care with respect to the investments so authorized.

1985 cR-21 s15;1998 c26 s13

### **Reserves**

**17** The directors of an association supplying one or more of electricity, gas or water that owns works shall, in accordance with the regulations, maintain a reserve for the replacement, extension or increase in capacity of its works.

RSA 2000 cR-21 s17;2003 c5 s3

### **Levies on members**

**18(1)** Notwithstanding anything in this Act, an association may by resolution impose an annual levy on its members on the basis of the number of utility service contracts held and the amount of the levy shall be set each year by resolution at the annual meeting.

**(2)** Notwithstanding anything in this Act, an association, by resolution at an annual meeting or at a special general meeting called for the purpose, may set

- (a) a special levy to be imposed on members for the purpose specified in the resolution;
- (b) a monthly levy to be imposed on members to whom electric power, natural gas, water or sewage service has been made available but not used.

**(3)** A levy made pursuant to this section may be collected by whatever means the directors consider advisable.

**(4)** A member refusing to pay a levy made pursuant to this section in the manner prescribed by the directors is liable to have the provision to the member of electricity, natural gas, water or sewage service discontinued on order of the directors after the notice to the member that the directors prescribe.

1985 cR-21 s18

### **Distributing earnings**

**19** The distribution of surplus earnings at the close of each fiscal year of the association shall, within 6 months after that date, be allocated in the manner provided for in the bylaws.

1985 cR-21 s19

**Audit**

**20(1)** An association shall annually, in accordance with the bylaws, appoint an auditor, whose appointment is subject to the approval of the Director.

**(2)** At the close of each fiscal year an association shall submit its accounts to the auditor, who shall make the examinations and inquiries necessary to enable the auditor to report to the members as required under the regulations.

**(3)** The auditor of an association shall at all times be given access to all records, documents, books, accounts and vouchers of the association and may

- (a) require from the directors and officers of the association any information and explanations that, in the auditor's opinion, are necessary to enable the auditor to make the auditor's report, and
- (b) attend any meeting of the association and be heard at the meeting in respect of any part of the business of the meeting that concerns the auditor as auditor.

1985 cR-21 s20

**Annual return**

**21(1)** An association shall within 120 days after the close of each fiscal year send to the Director the annual return of the association, being a general statement up to the end of the fiscal year last ended of the receipts, expenditures, funds and assets of the association as audited.

**(2)** The annual return shall show separately the expenditure in respect of the several objects of the association and shall state the name, address and calling or profession of the auditor and the manner in which, and the authority under which, the auditor is appointed, and with it the association shall send a copy of the auditor's report.

**(3)** The annual return of an association shall be accompanied with any information respecting the members that may be required by regulations under the *Agricultural and Recreational Land Ownership Act* and section 35 of the *Citizenship Act* (Canada) in the form and manner prescribed by those regulations.

**(4)** On application, an association shall supply without charge to each member a summary of the latest annual return of the association.

(5) An association shall, forthwith after receiving notice from the Director to do so, furnish the Director with any information and returns that are required by the notice.

1985 cR-21 s21;1994 c23 s50

#### **Removal of works**

**22(1)** Any works erected or placed in or on any land by or on behalf of an association before or after the commencement of this section are deemed to be and always to have been the property of the association.

(2) When works on any land are no longer used to provide the utility service, the association, after

- (a) giving notice to the owner of the land, and
- (b) having obtained any necessary approvals from a regulatory agency having jurisdiction,

may authorize an employee or agent of the association to enter on that land at any reasonable time to remove all or any part of the works.

(3) A pipeline for natural gas, water or sewage or an underground power line may be left in the land.

(4) A notice under subsection (2) shall be in the prescribed form and

- (a) shall be given at least 30 days before the intended removal,
- (b) shall be served personally or by registered mail on the occupant of the land, if any, and on the owner of the land, and
- (c) shall describe the rights of the owner under subsections (5) and (6).

(5) Before any action is taken under subsection (2), the association shall give the owner of the land an opportunity to enter into an agreement respecting the removal and, if the owner requests an agreement, the agreement shall be an agreement in the prescribed form providing that

- (a) the service contract, if any, is terminated,
- (b) the owner's membership, if any, in the association is terminated,

- (c) the net salvage proceeds may, in the case of a rural electrification association, be paid to the owner or into the association's reserve account, and
  - (d) in the event that the owner later applies to have the utility service re-established, the owner shall pay the average installation cost paid by other members of the association or the actual cost of the installation, whichever is the greater.
- (6)** Notwithstanding subsection (2), there shall be no removal where the owner of the land enters into an agreement in the prescribed form which provides that the owner will pay
- (a) the association's cost of maintaining its works in accordance with the service contract entered into by the member with the association, and
  - (b) the association's deposit reserve account levy and any other levy approved under section 18.
- (7)** If the owner of the land does not enter into an agreement described in subsection (5) or (6),
- (a) the service contract, if any, is terminated,
  - (b) the owner's membership, if any, in the association is terminated,
  - (c) the net salvage proceeds, in the case of a rural electrification association, shall be paid to the association and applied toward payment of principal and interest due under the lien note and, if there is any surplus remaining after payment in full of all money due under the lien note, it shall be paid to the owner,
  - (d) in the event that the owner later applies to have the utility service re-established, the owner shall pay the average installation cost paid by other members of the association or the actual cost of the installation, whichever is the greater, and
  - (e) the association may authorize removal of all or any part of the works.
- (8)** If the owner of the land enters into an agreement described in subsection (6) but any payment required by the agreement is not made by the due date, the association, after
- (a) giving notice to the owner of the land, and

- (b) having obtained any necessary approvals from a regulatory agency having jurisdiction,

may authorize an employee or agent of the association to enter on that land at any reasonable time to remove all or any part of the works.

**(9)** A pipeline for natural gas, water or sewage or an underground power line may be left in the land.

**(10)** A notice under subsection (8) shall be in the form prescribed by the Director and

- (a) shall be given at least 30 days before the intended removal, and
- (b) shall be served personally or by registered mail on the occupant of the land, if any, and on the owner of the land.

**(11)** Before removal takes place under subsection (8), the association shall give the owner of the land an opportunity to pay all the amounts due to date, and, if the owner does not do so,

- (a) the utility service contract, if any, is terminated,
- (b) the owner's membership, if any, in the association is terminated,
- (c) the net salvage proceeds, in the case of a rural electrification association, shall be paid to the association and applied toward payment of principal and interest due under the lien note and, if there is any surplus remaining after payment in full of all money due under the lien note, it shall be paid to the owner, and
- (d) in the event that the owner later applies to have the utility service re-established, the owner shall pay the average installation cost paid by other members of the association or the actual cost of the installation, whichever is the greater.

**(12)** A removal under this section does not affect any indebtedness under a lien note under this Act, the *Rural Electrification Long-term Financing Act* or the *Rural Electrification Loan Act*.

**(13)** In this section, "owner" means a person who is purchasing the fee simple estate in the land under an agreement for sale or, in the absence of such a person, the registered owner of the fee simple estate.

1985 cR-21 s22;1991 c32 s3;1994 c31 s10

**Sale of works**

**23** An association may, by extraordinary resolution, authorize the sale of all its works to a utility company or to a municipality or Metis settlement.

1985 cR-21 s23;1998 c22 s39

**Amalgamation**

**24(1)** Two or more associations may, by extraordinary resolution of each association, agree to amalgamate as one association and may be amalgamated in accordance with the regulations.

**(2)** Subject to the regulations, an association may by extraordinary resolution transfer its obligations to another association, which may undertake to fulfil those obligations.

1985 cR-21 s24

**Voluntary winding-up**

**25(1)** The directors of an association may be authorized, by an extraordinary resolution passed at a general meeting of the association called for that specific purpose, to wind up the affairs of the association by appointing the Director, or another person approved by the Director, as liquidator and empowering the liquidator to take all necessary action for the winding-up of the association.

**(2)** Where due notice of a general meeting for the purpose of authorizing the directors to wind up the affairs of the association has been given to the members, then, if insufficient members appear at the time and place of the general meeting to form a quorum, the directors may pass the resolution referred to in subsection (1) without the authorization of a general meeting.

**(3)** Repealed 2003 c5 s3.

**(4)** Any distribution to the members on the winding-up of an association shall be on the basis of the number of utility service contracts held unless the bylaws provide for distribution on another basis.

RSA 2000 cR-21 s25;2003 c5 s3

**Appointment of liquidator**

**25.1** On the appointment of the liquidator, all the powers of the directors cease except to the extent that the liquidator sanctions the continuation of those powers.

2003 c5 s3

**Duties on appointment**

**25.2** On the liquidator's appointment the liquidator shall

- (a) give notice of the appointment to each claimant and creditor known to the liquidator,
- (b) publish notice of the appointment in a publication generally available to the public in the area where the association carries on business, requiring
  - (i) any person who is indebted to the association to render an account and pay any amount owing to the liquidator at the time and place specified,
  - (ii) any person who possesses property of the association to deliver it to the liquidator at the time and place specified, and
  - (iii) any person who has a claim against the association, whether liquidated, unliquidated, future or contingent, to present particulars of it in writing to the liquidator not later than 2 months after the first publication of the notice,
- (c) take the property of the association into custody and control, and
- (d) if at any time the liquidator determines that the association is unable to pay or to adequately provide for the discharge of its obligations, apply to the Court of Queen's Bench for directions.

2003 c5 s3

**Liquidator to prepare statement of assets and liabilities**

**25.3** The liquidator shall, within 120 days after the liquidator's appointment, prepare a statement of the assets, debts and liabilities of the association and the values of the assets as shown by the liquidator's books and records and, if the liquidator is a person other than the Director, the liquidator shall send to the Director a true copy of the statement.

2003 c5 s3

**Powers of liquidator**

**25.4(1)** A liquidator may

- (a) retain any person the liquidator considers appropriate to assist in the liquidation,

- (b) bring, defend or take part in any civil, criminal, administrative, investigative or other action or proceeding in the name of and on behalf of the association,
- (c) carry on the business of the association as required for an orderly liquidation,
- (d) sell any property of the association by public auction or private sale,
- (e) do all acts and execute any documents in the name of and on behalf of the association,
- (f) borrow money on the security of the property of the association,
- (g) settle or compromise any claims by or against the association, and
- (h) do all other things necessary for the liquidation of the association and the distribution of its property.

(2) The liquidator shall, in priority to all other debts, pay the valid claim that any person employed by the association has for unpaid wages or salary earned during the 3 months immediately before the appointment of the liquidator.

(3) When the liquidator is a person other than the Director, the liquidator shall not exercise any of the powers referred to in subsection (1)(a), (b), (c), (d), (f) or (g) without first obtaining the approval in writing of the Director.

2003 c5 s3

### **Recovery of property**

**25.5(1)** If a liquidator has reason to believe that any property of the association is in the possession or control of a person or that any person has concealed, withheld or misappropriated any property of the association, the liquidator may apply to the Court of Queen's Bench for an order requiring the person to appear before the Court to be examined at the time and place designated in the order.

(2) If the examination referred to in subsection (1) discloses that the person

- (a) has in that person's possession or under that person's control property of the association, or
- (b) has concealed, withheld or misappropriated property of the association,



the Court may order the person to restore it or to pay compensation to the liquidator.

2003 c5 s3

#### **Protection from liability**

**25.6(1)** A liquidator is not liable in an action based on the liquidator's failure to fulfil his or her duties if he or she shows that he or she exercised the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances to prevent the failure, including reliance in good faith on financial statements of the association, reports of experts and information presented by officers or professionals.

**(2)** The acts of a liquidator are valid notwithstanding any defects that are afterwards discovered in the liquidator's appointment or qualifications.

2003 c5 s3

#### **Appointment of new liquidator**

**25.7** If a liquidator who is not the Director resigns, dies or is removed from the office of liquidator, the Director may appoint a person to fill the vacancy.

2003 c5 s3

#### **Remuneration**

**25.8** A liquidator is entitled to remuneration that is fixed by the Court of Queen's Bench on application of the liquidator.

2003 c5 s3

#### **Application to judge to approve accounts**

**25.9(1)** When the liquidator

- (a) has realized all the property of the association or so much of it as can, in the liquidator's opinion, be realized without needlessly protracting the liquidation,
- (b) has distributed a final dividend, if any, to the creditors, and
- (c) has adjusted the rights of the members of the association among themselves,

the liquidator shall apply to the Court of Queen's Bench for directions relating to the filing of the liquidator's accounts and to fix a day for the hearing of an application for an order approving the liquidator's accounts, fixing the liquidator's remuneration, discharging the liquidator and declaring the association dissolved.

(2) In fixing a day for the hearing of the application, the Court shall give all necessary directions relating to the notices to be given and the evidence to be adduced by affidavit or otherwise on the application.

(3) On the hearing of the application, the Court may grant or refuse it in whole or in part and may make any order that in the circumstances it considers proper having regard to the evidence adduced.

(4) The liquidator shall file a true copy of the order with the Registrar within 15 days from the date of the order.

2003 c5 s3

## Supervision

### Inquiry by Director

**26** The Director,

- (a) on written request signed by 3 members or 10% of the membership of the association, whichever is the greater, or
- (b) on the direction of the Minister,

may hold an inquiry into the affairs of an association.

1985 cR-21 s26

### Minister's authority

**27(1)** When it appears to the Minister from a report of the Director, made after investigation, that the affairs of an association

- (a) are being mismanaged,
- (b) are not being conducted in accordance with co-operative principles, or
- (c) are being conducted on an unsound basis,

the Minister may do all or any of the things referred to in subsection (2).

(2) If subsection (1) applies, the Minister may do all or any of the following:

- (a) appoint the Director as the official director of the association;
- (b) direct the Director to call a general meeting of the association;

- (c) cancel the incorporation of the association.

1985 cR-21 s27

**Management by Director**

**28(1)** When the Director is appointed official director pursuant to section 27(2)(a), the Director is empowered to take over the functions of the board of directors and the board of directors is to be considered to be removed from office, but nothing in this subsection excuses the board of directors from ensuring that all books, records, funds and other assets and information required by the official director are turned over to the official director without delay.

**(2)** The Director's appointment as official director continues either for a period of time fixed in the order making the appointment or for any period of time the Minister considers necessary.

**(3)** Immediately prior to the termination of the official director's appointment, the official director shall call a general meeting of the association and at the meeting shall

- (a) render an accounting for the period of the official director's administration, and

- (b) conduct an election to reconstitute the board of directors.

1985 cR-21 s28

**Mandatory general meeting and liquidation**

**29(1)** When the Minister directs the Director to call a general meeting pursuant to section 27(2)(b), the Director shall

- (a) call a general meeting of the members

- (i) by mailing to each member at the member's address last registered in the office of the association a notice stating the hour, day and place of the meeting, or

- (ii) by publishing a notice of the meeting in a newspaper circulating in the district where the association has its registered office or main place of business, in an issue published at least 5 days before the day of the meeting,

- (b) attend the meeting and submit to the meeting the Director's report and any other information the Director has with reference to the affairs of the association, and

- (c) after the meeting, submit a report on the meeting to the Minister.

(2) After receiving the report the Minister may, if the Minister considers it advisable, direct that the affairs of the association be wound up and appoint the Director as the liquidator for that purpose.

1985 cR-21 s29

**Defunct associations**

**30(1)** When the Director has reasonable cause to believe that an association is not carrying on business or is not in operation, the Director shall send by ordinary post a letter addressed to the association at the address last known to the Director inquiring whether the association is carrying on business or is in operation.

(2) If the Director does not within one month of sending the letter receive an answer, the Director shall within 14 days after the expiration of the month, send by registered post, addressed to the association at the address last known to the Director, a letter referring to the first letter and stating that no answer has been received by the Director and that if an answer is not received to either letter within one month from the date of the 2nd letter, a notice will be published in *The Alberta Gazette* or the Registrar's periodical with a view to striking the name of the association off the register.

(3) If the Director receives an answer from the association to the effect that it is not carrying on business or is not in operation, or does not within one month after sending the 2nd letter receive an answer, the Director may publish in *The Alberta Gazette* or the Registrar's periodical and send by ordinary post to the association a notice that at the expiration of one month from the date of that notice the name of the association will be struck off the register and the association dissolved unless cause is shown to the contrary.

(4) At the expiration of the time mentioned in the notice referred to in subsection (3) the Registrar shall, unless cause to the contrary is previously shown by the association, strike the name of the association off the register and publish notice of the striking off in *The Alberta Gazette* or the Registrar's periodical, and on that publication the association is dissolved.

(5) Subject to this section, when an association is dissolved under subsection (4), the association shall nevertheless be considered as subsisting in all respects so long and so far as a matter relating to the association remains unsettled and the association may do all things necessary to the winding-up of its concerns and may sue and be sued in respect of all unsettled matters.

(6) In this section, "Registrar's periodical" means the Registrar's periodical published under the *Business Corporations Act*.

1985 cR-21 s30

**Offences and penalties****31(1)** An association that

- (a) contravenes this Part or the regulations,
  - (b) makes a return, report, notice or other document required by this Act or the regulations that
    - (i) contains an untrue statement of a material fact, or
    - (ii) omits to state a material fact required in it, or necessary to make a statement contained in it not misleading in the light of the circumstances in which it is made,
- or
- (c) fails to do an act or to furnish information required for the purposes of this Act by the Director or the Registrar or a person authorized under this Act,

is guilty of an offence.

**(2)** If an association contravenes subsection (1), then, whether or not the association has been prosecuted or convicted in respect of the contravention, any director or officer of the association who knowingly authorizes, permits or acquiesces in the contravention is guilty of an offence.

**(3)** A person who contravenes this Part or the regulations is guilty of an offence.

**(4)** Each act and default constituting an offence, if continued, constitutes a new offence in each week during which it continues.

**(5)** A person who is guilty of an offence under section 10(5.2) is liable to a fine of not more than \$50 000.

**(6)** A person who is guilty of an offence, other than an offence under section 10(5.2), is liable to a fine of not more than

- (a) \$500, in the case of an individual, or
- (b) \$1000, in the case of an association or other corporation.

RSA 2000 cR-21 s31;2003 c5 s3

## Part 2

### Rural Utilities Loans Guarantee

#### Guarantee of borrowings

##### 32(1) If

- (a) an association
  - (i) has first paid at least 15% of the amount of any capital expenditure proposed to be made by the association in carrying out its objects, and
  - (ii) has made provision satisfactory to the Minister of Finance for the repayment of the guaranteed borrowings and interest,
- (b) the association and its members have complied with any terms and conditions that may be made from time to time by the Lieutenant Governor in Council,
- (c) the borrowed sum is required to be repaid within a period not to exceed 20 years by instalments on an annual, semi-annual, quarterly or monthly basis, and
- (d) the total amount of the liability of the Government as a guarantor under this subsection does not exceed \$50 000 000,

the Minister of Finance may, on behalf of the Government, guarantee the due repayment of any sum, together with interest, borrowed by the association for the purpose of acquiring, constructing, operating, maintaining and administering the works necessary for the provision of its utility service.

(2) When the borrowings of an association have been guaranteed pursuant to subsection (1) and the association desires to extend its works, if the requirements of subsection (1) are complied with in respect of the additional borrowings required by the association for that purpose, the Minister of Finance may guarantee the additional borrowings.

(3) If the lender and the association agree that the loan is to be advanced in instalments, a guarantee may be executed with respect to the total amount of the loan or with respect to each instalment.

RSA 2000 cR-21 s32;2006 c23 s72

#### Further guarantee

33(1) When the repayment of a sum borrowed by an association has been guaranteed under section 32,

- (a) if the sum has not been fully repaid, the Minister of Finance may guarantee on behalf of the Government a further borrowing by the association for the purpose of working capital, but the amount of that borrowing shall not exceed 50% of the amount that has been repaid on account of the first mentioned sum borrowed;
- (b) if 2 or more of the guaranteed sums have not been fully repaid, the Minister of Finance
  - (i) may authorize the consolidation of the balances still outstanding on 2 or more of the guaranteed sums,
  - (ii) may authorize a further borrowing, to be included in the consolidation, of an amount necessary to retire any prior loan or other indebtedness that is made or incurred for capital purposes, that is secured by any assets of the association and that, in the opinion of the Minister of Finance, having regard to the interests of the association and the better securing of the consolidated borrowings, should be paid, and
  - (iii) may guarantee, on behalf of the Government, the due payment of the consolidated borrowing,

so long as the period for the repayment of the consolidated borrowing does not exceed either the longest unexpired term of any guaranteed borrowing so consolidated or 10 years, whichever is the longer.

- (2) A guarantee given under this section is in addition to and not in substitution for any other guarantee permitted under this Act.

RSA 2000 cR-21 s33;2006 c23 s72

#### **Review of guarantees by Legislative Assembly**

**34** At least every 5th calendar year, if during that period sections 32 and 33 have not been repealed and a Government Bill has not been introduced into the Legislative Assembly that, if passed, would have the effect of repealing those enactments, the Minister shall ensure that a member of the Executive Council introduces into the Legislative Assembly a motion that would have the effect of facilitating a debate in the Assembly on the question of whether the enactments should be repealed.

1996 c10 s12

#### **Application for guarantee**

**35** When an association applies to have a loan guaranteed pursuant to section 32, it shall furnish the Director with

- (a) a statement of the total estimated cost of the works required,
- (b) a statement of the total amount of the money received from its members and the disposition, if any, made of the money,
- (c) a statement of the membership of the association, and
- (d) if required under section 36, all copies of each lien note required to be obtained from members under that section.

1985 cR-21 s34

**Lien notes**

**36(1)** When an association applies to have a loan guaranteed pursuant to section 32, the Minister of Finance may require that the association obtain lien notes from those members who have not fully paid their share of the cost of constructing the works required by the association.

**(2)** When land against which an association has a lien pursuant to this Act is sold,

- (a) the total amount outstanding under the lien note, including interest accrued to the date of the sale, becomes due and payable at the time of the sale,
- (b) the association shall not supply its utility service to the purchaser of the land until the amount outstanding has been paid, and
- (c) without limiting clause (b), the association may refuse to supply its utility service to that purchaser until the purchaser becomes a member of the association.

**(3)** The lien note shall be in the prescribed form and must

- (a) be payable to the order of the association,
- (b) be in the amount that remains unpaid by the member of the association,
- (c) bear interest at the same rate as that payable by the association to the lender,
- (d) set out
  - (i) the date from which interest is to be computed,



- (ii) the number and amount of the equal annual instalments of principal by which payment of the note is to be made, and
- (iii) the date when each instalment of principal and the accrued interest on the unpaid principal is to be paid,

and

- (e) describe either
  - (i) the land to which the utility service is to be conveyed through or by the works of the association, or
  - (ii) any land in which the maker of the lien note has an interest, whether or not the utility service is provided to that land,

whichever the Director prescribes.

(4) When all amounts payable under the lien note have been paid in full, the Director shall cancel the lien note.

(5) When the person to whom the utility service is to be supplied is not the registered owner of the land on which the works are to be constructed, the association may take a lien note made or co-signed by the registered owner of the land.

(6) The lien notes shall be delivered to the Director.

(7) The Director may reject a lien note if the Director considers that the person liable under the note is unlikely to be able to meet all the payments under it.

(8) The Minister of Finance may enforce, in the name of the Government, a lien note given under this section.

RSA 2000 cR-21 s36;2006 c23 s72

#### **Regulations - patented land in Metis settlements**

**37(1)** The Lieutenant Governor in Council may make regulations respecting

- (a) liens and lien notes that affect an interest in patented land as defined in the *Metis Settlements Act*, and
- (b) the enforcement of those liens and lien notes.

(2) The provisions of this Act relating to liens and lien notes and their enforcement are subject to the regulations made under this section.

1998 c22 s39

**Lien on land**

**38(1)** When a lien note is made pursuant to section 36(1), the Director shall, within 60 days after the execution of the guarantee, file a notice of lien against the land described in the lien note in the land titles office.

**(2)** When

- (a) a guarantee is executed with respect to an instalment of a loan pursuant to section 32(3), and
- (b) the instalment is made for the purpose of constructing a part only of the works intended to be constructed with the use of the loan guaranteed under section 32,

subsection (1) does not apply but the Director shall, within 60 days after the execution of the guarantee referred to in clause (a), file notices in the land titles office with respect to the lien notes given by the members of the association for whose benefit the works referred to in clause (b) are to be constructed.

**(3)** Where, as a result of a change in circumstances, it becomes necessary to have a new notice of lien on other land owned by the borrower or in which the borrower has a registered interest, the Director may file the new notice of lien against that other land in the appropriate land titles office and may give notice in the prescribed form withdrawing the original notice of lien.

**(4)** The Registrar of Land Titles shall endorse a memorandum on the certificate of title to the land described in the notice of lien referred to in subsection (1), (2) or (3).

**(5)** On receiving notice from the Director that a lien note in respect of which a memorandum has been endorsed against the certificate of title of any land has been discharged or on receiving the notice referred to in subsection (3), the Registrar of Land Titles shall cancel the memorandum on the certificate.

**(6)** A lien may be postponed at the discretion of the Director in accordance with section 107(1) of the *Land Titles Act*.

**(7)** Notwithstanding that a lien note has been cancelled and notwithstanding any other Act, a lien created pursuant to this Act in respect of land or an interest in land continues to be a lien against that land or interest until the total indebtedness, including interest, owing in respect of which the lien was registered has been repaid in full.

**(8)** Where there is a notice of lien registered in the appropriate land titles office, the Registrar of Land Titles shall maintain the

registration of the notice of lien in respect of the land until the notice of lien has been cancelled, notwithstanding

- (a) any voluntary or involuntary change in ownership of the land that occurs after the commencement of this subsection,
- (b) that the notice of lien may have been registered after any mortgage or encumbrance giving rise to an involuntary change in ownership,
- (c) that the notice of lien and any such mortgage or encumbrance may have been registered before the commencement of this subsection, and
- (d) section 48 of the *Law of Property Act* and any other law.

(9) Subsection (8) does not apply to the extent that a lien is postponed under subsection (6) to a mortgage or encumbrance.

(10) On a notice of lien being filed in the land titles office, the association has a lien on the land described in the notice of lien or on the interest of the maker of the lien note in the land described in the notice of lien for the total indebtedness, including interest, owing in respect of which the notice of lien is registered.

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

(12) Land in respect of which a notice of lien has been filed is, for the purposes of this Act, deemed not to be a homestead within the meaning of the *Dower Act*.

1985 cR-21 s36;1991 c32 s5

#### **Assignment of lien notes**

**39(1)** An association that

- (a) has had a loan guaranteed under section 32, and
- (b) has obtained a lien note in respect of which a notice of lien is filed in the land titles office

may assign its interest in the lien note to the Government in the event of a default by the maker in a payment due under the lien note.

(2) A notice of assignment respecting an assignment made under subsection (1) shall be filed in the land titles office.

(3) If an assignment of an interest in a lien note has been made under subsection (1) and a notice of assignment filed under

subsection (2), the Minister of Finance may pay the lender the amount owing to the association under the lien note.

**(4)** A payment under subsection (3) shall be paid out of the General Revenue Fund.

RSA 2000 cR-21 s39;2006 c23 s72

#### **Default in payment**

**40** If the maker of a lien note does not pay an instalment together with accrued interest on the unpaid balance when it falls due as set out in the lien note, the whole of the principal and accrued interest owing at the time of default becomes due and payable at the option of the holder of the lien note.

1985 cR-21 s38

#### **Cancellation of lien**

**41(1)** The Court of Queen's Bench may, on application by originating notice,

- (a) order that the registration of a lien be cancelled on the giving of security for or the payment into Court of the amount of the claim and any costs the Court may fix, or
- (b) order that the registration of a lien be cancelled on any proper ground.

**(2)** Money paid into Court replaces the land discharged and is subject to the claim for lien to the same extent as if the money had been realized by a sale of the land in an action to enforce the lien.

1985 cR-21 s39

#### **Enforcement of lien**

**42(1)** Proceedings to enforce a lien may be commenced in the Court of Queen's Bench either by a statement of claim or by originating notice.

**(2)** The statement of claim or originating notice shall be served on all persons who by the records of the land titles office appear to have an interest in the land in question and on any other person the Court may direct.

**(3)** The procedure in adjudicating on the claims shall be of a summary character, so far as is possible, having regard to the amount of the lien in question and the enforcement of it at the least expense.

- (4) The Court shall decide all questions that are necessary to be tried in order to dispose completely of the action and to adjust the rights and liabilities of the parties concerned.
- (5) If the association fails to establish a valid lien, it may nevertheless recover a personal judgment against a party to the proceedings for any sum that is due to the association and that it might recover in an action against that party.
- (6) A lien is not merged, waived, satisfied, prejudiced or destroyed by the pursuit of any proceedings for the recovery of personal judgment unless and until payment in full is received.
- (7) Notwithstanding the *Limitations Act*, a lien remains enforceable until
- (a) the total indebtedness, including interest, owing on the current lien note has been repaid in full, or
  - (b) a settlement is concluded between the debtor and the lienholder.

1985 cR-21 s40;1999 c32 s11

### Judgment

- 43(1)** The Court may in its judgment order that the estate or interest in land that is charged with a lien be sold.
- (2) When a judgment orders a sale, the Court
- (a) may direct that the sale take place at any time after the judgment, allowing a reasonable time for advertising the sale, and
  - (b) may make all necessary orders for the completion of the sale and the vesting of the estate or interest in the purchaser.
- (3) The Court may also direct the sale and removal of any works.
- (4) If sufficient money to satisfy the judgment and costs is not realized from the sale, the Court shall certify
- (a) the amount of the deficiency,
  - (b) the name of the association entitled to recover the deficiency, and
  - (c) the persons by the judgment adjudged to pay the deficiency,

and the association may enforce payment by writ proceedings under the *Civil Enforcement Act*.

1985 cR-21 s41;1994 cC-10.5 s167;1997 c18 s29

#### **Receiver**

**44(1)** The Court may, on the application of a judgment creditor made at any time before the sale of the property, appoint a receiver to take charge of the property and to rent or operate it on any terms and conditions the receiver thinks fit.

**(2)** The proceeds received by a receiver appointed under subsection (1) shall, after deduction of all rates, taxes, insurance or other expense necessary for the maintenance of the property, including the costs of management, be applied in any manner that may be directed by the Court.

1985 cR-21 s42

#### **Appeal**

**45(1)** An appeal lies to the Court of Appeal from the decision of the Court of Queen's Bench in all matters where the amount of the lien is \$200 or more.

**(2)** When the amount of the lien is less than \$200, the decision of the court of first instance is final.

1985 cR-21 s43

#### **Distribution of earnings**

**46** No association whose borrowing has been guaranteed under this Act shall make any distribution of earnings or profits among its members without the consent of the Minister of Finance so long as the guaranteed borrowed sum or any part of it is unpaid.

RSA 2000 cR-21 s46;2006 c23 s72

#### **Audit**

**47(1)** An association whose borrowings are guaranteed under this Act shall,

- (a) so long as the guaranteed borrowing remains unpaid, and
- (b) if and when required to do so by the Minister of Finance,

have its books investigated and audited at the expense of the association by the auditors and in the manner prescribed by the Minister of Finance.

**(2)** The auditors shall report fully to the Minister of Finance on the investigations and audit.

RSA 2000 cR-21 s47;2006 c23 s72

**Subrogation**

**48(1)** If the Minister of Finance is called on to make a payment in respect of a guarantee provided for by this Act, the Minister of Finance is subrogated as against the borrowing association to all rights, powers, remedies and securities of the person entitled to the benefit of the guarantee.

**(2)** If the Minister of Finance is called on to make a payment in respect of a guarantee pursuant to section 32, the Minister of Finance is also subrogated to the rights of the borrowing association and of the person entitled to the benefit of the guarantee to enforce any lien notes made by the association's members, notice of which is filed pursuant to section 38.

**(3)** No payment by the Minister of Finance affects any liability of the association or releases any security given by the association in respect of the borrowing, but notwithstanding any payment, the liability and security remain and continue in force and may be enforced by the Minister of Finance against the association.

RSA 2000 cR-21 s48;2006 c23 s72

**Enforcement of existing obligations**

**49** Where any borrowing of an association continued under section 2 was guaranteed before July 21, 1986 under the *Co-operative Marketing Associations Guarantee Act*, RSA 1980 cC-25, the borrowing and guarantee, any lien note and any right, duty or obligation in respect of it may be dealt with and enforced under this Part as if created under this Part.

1985 cR-21 s47

## **Part 3 General**

**Administration by Director**

**50(1)** Where an association has borrowed public money under an Act of Alberta or has had any of its borrowings guaranteed by the Government under this or any other Act and

- (a) is in arrears on its repayment of any loan, or
- (b) is, in the opinion of the Minister of Finance, likely to go into arrears on its repayment of a loan,

the Lieutenant Governor in Council, on the recommendation of the Minister of Finance, may by order appoint the Director as a director of the association until the association no longer, in the opinion of the Minister of Finance, requires the services of the Director, or for any period fixed in the order.

(2) The Director may for the period of appointment exercise all the powers and duties of the directors for the collection and repayment of any loan with interest or any instalments or money owing by any member to the association or any instalments or money accruing due to the association or to the lender.

RSA 2000 cR-21 s50;2006 c23 s72

#### **Discontinuance of utility service**

**51(1)** When a utility company or municipality is providing a utility service where it was formerly provided by an association and a person to whom the service is being provided defaults

- (a) in payment due to the association pursuant to a lien note under this Act, the *Rural Electrification Long-term Financing Act* or the *Rural Electrification Loan Act*, or
- (b) in payment of indebtedness to the association for utility services previously provided,

the association or the Director may, by written notice, direct the utility company or municipality to discontinue the utility service to that person until the association advises the utility company or municipality that the default has been remedied or the Director otherwise orders.

(2) When a notice is given under subsection (1),

- (a) the association or Director shall, within 5 days after giving it, serve a copy of the notice on the person in default either personally or by registered mail addressed to the address of the person according to the records of the utility company or municipality, and
- (b) the utility company or municipality shall discontinue providing the utility service to the person, but not until the expiry of 30 days from the date the company or municipality received the notice.

(3) If the utility service is provided to the person by the association itself, the association may, on notice in accordance with subsection (2), discontinue providing the utility service to the person until the default is remedied.

1985 cR-21 s49;1994 c31 s10

#### **Easements in favour of associations**

**52(1)** In this section,

- (a) “association” means an association other than one to which the *Gas Distribution Act* applies;



- (b) “easement” means an instrument referred to in section 69 of the *Land Titles Act* or an instrument granting a utility interest as defined in the *Metis Settlements Land Registry Regulation* (AR 361/91).
- (2) An easement in favour of an association must be in a form prescribed or approved by the Director.
- (3) An association shall ensure
- (a) that it has acquired all necessary easements and expropriation orders for the purpose of burying all or part of its rural distribution system, and
  - (b) that all such easements and expropriation orders and all caveats or recording documents in respect of them are registered or recorded under the *Land Titles Act* or the *Metis Settlements Land Registry Regulation* (AR 361/91) before construction commences on the land.
- (4) Notwithstanding subsection (3), an easement or expropriation order is not required for a street, road or lane.
- (5) The *Dower Act* does not apply with respect to the granting of an easement in favour of an association.
- (6) Section 38(8) applies with respect to a registered easement or expropriation order as if the easement or expropriation order were a registered notice of lien, and in the case of an easement that affects an interest in patented land as defined in the *Metis Settlements Act*, the references to the appropriate land titles office and to the Registrar of Land Titles in section 38(8) are to be read as the Metis Settlements Land Registry and the Registrar of the Metis Settlements Land Registry.

1991 c32 s6;1994 cR-19.1 s38;1998 c26 s13;1998 c22 s39

#### **Delegation of powers**

**53** Where a Director is given any power or duty under this Act or the regulations or under any other Act or regulations, the Director may authorize one or more persons to exercise or perform that power or duty on the conditions or in the circumstances that the Director prescribes and on that authorization that power or duty may be exercised or performed by the person or persons so authorized in addition to the Director.

1985 cR-21 s50

**Continuation of federations**

**54** The Alberta Federation of REA'S Ltd. and the Federation of Alberta Gas Co-operatives Ltd. are continued as corporations subject to this Act and the regulations.

1985 cR-21 s51;1998 c23 s21

**Regulations**

**55** The Lieutenant Governor in Council may make regulations

- (a) prescribing standard bylaws for all associations or for the different classes of associations;
- (b) governing the form and content of memorandums of association, lien notes and other forms to be used under this Act;
- (c) respecting corporate names for the purposes of sections 3, 4 and 6;
- (d) respecting registered offices of associations;
- (e) governing the functions and duties of auditors of associations;
- (f) respecting the fees payable to the Registrar for services under this Act;
- (g) respecting the maintenance of reserves;
- (h) governing the source, administration and investment of deposit accounts, reserves and other funds of associations;
- (i) governing amalgamation of associations and the rights of persons affected by amalgamation;
- (j) governing the transfer of obligations from one association to another;
- (k) respecting the corporations continued under section 54, providing for the establishment of further corporations of a similar nature and governing the objects, powers and management of all such corporations.

1985 cR-21 s52