

MAINE STATE LEGISLATURE

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CHAPTER 9**APPROVAL OF STOCKS, BONDS AND NOTES
BY PUBLIC UTILITIES**

Sec.

- 171. Issuance of stocks, bonds and notes.
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- 173. Stock for organization purposes.
- 174. Consent required for change of capital or purposes.

§ 171. Issuance of stocks, bonds and notes

1. Conditions precedent to issuance generally. Any public utility, now organized and existing or hereafter incorporated under and by virtue of the laws of this State and doing business in the State, may issue stocks, bonds which may be secured by mortgages on its property, franchises or otherwise, notes or other evidences of indebtedness, payable at periods of more than 12 months after the date thereof, when necessary for the acquisition of property to be used for the purpose of carrying out its corporate powers, the construction, completion, extension or improvement of its facilities, or for the improvement or maintenance of its service, or for the discharge or lawful refunding of its obligations, including capital stock, or to reimburse its treasury for moneys used for the acquisition of property, the construction, completion, extension or improvement of its facilities, for the discharge or lawful refunding of its obligations, and which actually were expended from income or from other moneys in the treasury of the corporation not secured by or obtained from the issue of stocks, bonds, notes or other evidences of indebtedness of such corporation, or for any other lawful purposes, provided and not otherwise, that upon written application, setting forth such information as the commission may require, there shall have been secured from the commission an order authorizing such issue and the amount thereof and stating that in the opinion of the commission the sum of the capital to be secured by the issue of said stocks, bonds, notes or other evidences of indebtedness is required in good faith for purposes enumerated in this section. Every such order authorizing the issue of stock shall, if authorized to be sold at less than its par value, specify a minimum price at which the shares so authorized are to be sold, and any and all shares of stock, issued in accordance with such an order, shall be fully paid stock and not liable to any further call or payment

thereon, notwithstanding it may have been authorized for sale at less than its par value; but chapters 1 to 17 shall not apply to any stocks or bonds or other evidences of indebtedness heretofore lawfully authorized and issued. The commission may at the request of any public utility approve the issue of any stocks or bonds heretofore authorized but not issued. For the purpose of enabling the commission to determine whether it shall issue such an order, the commission shall make such inquiries for investigation, hold such hearings and examine such witnesses, books, papers, documents or contracts as it may deem of importance in enabling it to reach a determination. No order of the commission authorizing the issue of any stocks, bonds, notes or other evidences of indebtedness shall limit or restrict the powers of the commission in determining and fixing any rate, fare, toll, charge, classification, schedule or joint rate as provided in chapters 1 to 17. No public utility shall be required to apply to the commission for authority to issue stocks, bonds, notes or other evidences of indebtedness for the acquisition of property, for the purposes of carrying out its corporate powers, the construction, completion, extension or improvement of its facilities, or the improvement or maintenance of its service outside the State, and this proviso shall apply to section 172.

2. Railroad corporations. Subject to this section, any railroad corporation may issue bonds or other interest-bearing securities maturing at periods of more than 12 months after the date thereof and may issue one or more classes of preferred stock which may have attached thereto warrants entitling the holder thereof to subscribe for shares of common stock or preferred stock of any class in such amounts, at such future date or dates, at such price or prices and on such terms and conditions as may be specified in said warrants. Such bonds or other interest-bearing obligations and such preferred stock may be issued with provision therein or thereon that the same may be converted into shares of common stock or preferred stock of any class in such amounts, at such future date or dates, at such price or prices and on such terms and conditions as may be specified in or on such bonds or other interest-bearing obligations or in or on the certificates representing such preferred stock. The foregoing provisions of this subsection shall apply to securities of the character specified in this subsection issued by any railroad corporation on or after October 1, 1934; and such securities need not be offered to the stockholders unless the stockholders, by majority vote, shall so require, and common or preferred stock of any class authorized to be hereafter issued to meet the purchase rights of

such warrants issued on or after October 1, 1934, or in exchange for any such convertible securities so issued, shall be wholly exempt from any provisions of section 623 requiring that certain increases in capital stock shall be offered to stockholders.

3. Municipal or quasi-municipal corporations. Without in any way restricting the general language hereof, this section shall be construed to authorize any municipal or quasi-municipal corporation referred to in chapters 1 to 17 to issue, upon vote of its trustees or similar governing board, bonds, notes or other evidences of indebtedness for the purposes specified and subject to the approval of the commission. The trustees or similar governing boards of any such corporations may issue notes or other evidences of indebtedness payable at periods of less than 12 months after the date thereof when necessary to carry out the purposes of such corporations.

4. Railroad corporations subject to Interstate Commerce Act. No railroad corporation subject to the Interstate Commerce Act shall be required to make application to the commission, or to procure its authority, consent, approval or order, in respect of any of the matters set forth in this section or in sections 172 and 174, while and so long as such corporation is required by federal law to make application to and procure authority from the Interstate Commerce Commission as a condition precedent to the issue of securities. Such corporation shall file with the Secretary of State due notice of any increase or other change in its capital stock authorized or issued, and shall pay such fees in respect thereof as may be required by statute. Such notice shall be filed and all fees required shall be paid within 30 days after due authority has been given by the Interstate Commerce Commission relative to the increase or other change. No other notice shall be required to be given to the Secretary of State by the corporation, and all increases or other changes in the authorized or issued capital stock of any corporation heretofore approved or authorized by the Interstate Commerce Commission, and as to which a copy of the report and order of said commission has been filed with the Secretary of State and the fees required by statute have been paid, shall be deemed to have been lawfully authorized, issued and made regardless of any other statutory provisions relative to notice to the Secretary of State of increases or other changes in capital stock of corporations. (1957, c. 84.)

R.S.1954, c. 44, § 43; 1957, c. 84.

§ 172. Additional requirements as to issuance

No public utility shall issue any stocks, bonds, notes or other evidences of indebtedness, unless payable within one year from date thereof, for money, property or services, in payment for the same, either directly or indirectly, until there shall have been recorded upon the books of such public utility the order of the commission. No indebtedness shall in whole or in part, directly or indirectly, be refunded by any issue of stocks or bonds or by any other evidence of indebtedness, running for more than 12 months, without the consent of the commission.

R.S.1954, c. 44, § 44.

§ 173. Stock for organization purposes

Any public utilities corporation at the time of its organization may issue for organization purposes, without the consent of the commission, not more than 6 shares of stock at par for cash or, if non-par stock, for the consideration of \$100 per share, such shares when issued to be a part of the total capital issue.

R.S.1954, c. 44, § 45.

§ 174. Consent required for change of capital or purposes

No public utility shall decrease its capital or declare any stock, bond or scrip dividend, or divide the proceeds of the sale of its own or any stock, bonds or scrip among stockholders without the consent of the commission, and no change of purposes of a public utility, unless specially chartered, shall become effective until approved by the commission and its certificate of approval filed with the Secretary of State within 20 days of the date thereof.

R.S.1954, c. 44, § 46.