

[CHAPTER 776]

AN ACT

October 28, 1949
[H. R. 2960]
[Public Law 423]

To amend the Rural Electrification Act to provide for rural telephones, and for other purposes.

Rural Electrification Act of 1936, amendments. Telephones.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is hereby declared to be the policy of the Congress that adequate telephone service be made generally available in rural areas through the improvement and expansion of existing telephone facilities and the construction and operation of such additional facilities as are required to assure the availability of adequate telephone service to the widest practicable number of rural users of such service. In order to effectuate this policy, the Rural Electrification Act of 1936 is amended as hereinafter provided.

49 Stat. 1363.
7 U. S. C. §§ 901-914; Supp. II, §§ 903, 904.

SEC. 2. The Rural Electrification Act of 1936 is amended by inserting at the beginning thereof the caption: "TITLE I".

49 Stat. 1363.
7 U. S. C. § 902.

SEC. 3. Section 2 of the Rural Electrification Act of 1936 is amended by inserting after the word "service" the words "and for the purpose of furnishing and improving telephone service in rural areas"; and by inserting after the words "electrification of" the words "and the furnishing of adequate telephone service in".

49 Stat. 1364.
7 U. S. C., Supp. II, § 903 (a).

SEC. 4. (a) Subsection (a) of section 3 of the Rural Electrification Act of 1936 is amended by inserting after the words "or systems" the words "and for the purpose of financing the improvement, expansion, construction, acquisition, and operation of facilities to render telephone service".

49 Stat. 1364.
7 U. S. C. § 903 (c).

(b) Subsection (c) of section 3 of the Rural Electrification Act of 1936 is amended by striking out the words "for the purposes of this Act" and by inserting in lieu thereof the words "for loans for rural electrification pursuant to sections 4 and 5 of this title".

49 Stat. 1364.
7 U. S. C. § 903 (d).

(c) Subsection (d) of section 3 of the Rural Electrification Act of 1936 is amended by inserting after the words "available for" the words "rural electrification".

49 Stat. 1364.
7 U. S. C. § 903 (e).

(d) Subsection (e) of section 3 of the Rural Electrification Act of 1936 is amended by inserting after the word "sums" in the proviso the words "for rural electrification loans".

49 Stat. 1365.
7 U. S. C., Supp. II, § 904.

(e) Section 4 of the Rural Electrification Act of 1936 is amended by inserting after the words "to make loans" the words "for rural electrification".

49 Stat. 1365, 1366.
7 U. S. C. §§ 907, 912.

(f) Sections 7 and 12 of the Rural Electrification Act of 1936 are amended by inserting after the words "section 4" wherever they appear therein the words "or section 201".

49 Stat. 1363.
7 U. S. C. §§ 901-914; Supp. II, §§ 903, 904.

SEC. 5. The Rural Electrification Act of 1936 is further amended by adding the following new title:

"TITLE II

Loans.

49 Stat. 1364.
7 U. S. C. § 903; Supp. II, § 903.
Supra.

"SEC. 201. From such sums as are from time to time made available by the Congress to the Administrator for such purpose, pursuant to section 3 of the Rural Electrification Act of 1936, as amended, the Administrator is authorized and empowered to make loans to persons now providing or who may hereafter provide telephone service in rural areas and to cooperative, nonprofit, limited dividend, or mutual associations. Except as otherwise provided by this title, such loans shall be made under the same terms and conditions as are provided in section 4 of said Act, for the purpose of financing the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems to furnish and improve telephone service in rural

49 Stat. 1365.
7 U. S. C., Supp. II, § 904.
Supra.

areas: *Provided, however,* That the Administrator, in making such loans, shall give preference to persons providing telephone service in rural areas, and to cooperative, nonprofit, limited dividend, or mutual associations: *And provided further,* That for a period of one year from and after the effective date of this title applications for loans received by the Administrator from persons who on the effective date of this title are engaged in the operation of existing telephone service in rural areas shall be considered and acted upon before action is taken upon any application received from any other person for any loan to finance the furnishing or improvement of telephone service to substantially the same subscribers. The Administrator in making such loans shall, insofar as possible, obtain assurance that the telephone service to be furnished or improved thereby will be made available to the widest practical number of rural users. When it is determined by the Administrator to be necessary in order to furnish or improve telephone service in rural areas, such loans may be made for the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems without regard to their geographical location. The Administrator is further authorized and empowered to make loans for the purpose of refinancing outstanding indebtedness of persons furnishing telephone service in rural areas: *Provided,* That such refinancing shall be determined by the Administrator to be necessary in order to furnish and improve telephone service in rural areas: *And provided further,* That such refinancing shall constitute not more than 40 per centum of any loan made under this title. Loans under this section shall not be made unless the Administrator finds and certifies that in his judgment the security therefor is reasonably adequate and such loan will be repaid within the time agreed, nor shall such loan be made in any State which now has or may hereafter have a State regulatory body having authority to regulate telephone service and to require certificates of convenience and necessity to the applicant unless such certificate from such agency is first obtained. In a State in which there is no such agency or regulatory body legally authorized to issue such certificates to the applicant, no loan shall be made under this section unless the Administrator shall determine (and set forth his reasons therefor in writing) that no duplication of lines, facilities, or systems, providing reasonably adequate services will result therefrom.

"SEC. 202. Nothing contained in this Act shall be construed to deprive any State commission, board, or other agency of jurisdiction, under any State law, now or hereafter effective, to regulate telephone service which is not subject to regulation by the Federal Communications Commission, under the Communications Act of 1934, including the rates for such service.

"SEC. 203. (a) As used in this title, the term 'telephone service' shall be deemed to mean any communication service whereby voice communication through the use of electricity between the transmitting and receiving apparatus, is the principal intended use thereof, and shall include all telephone lines, facilities, or systems used in the rendition of such service; but shall not be deemed to mean telegraph services or facilities, or radio broadcasting services or facilities within the meaning of section 3 (o) of the Communications Act of 1934, as amended.

"(b) As used in this title, the term 'rural area' shall be deemed to mean any area of the United States not included within the boundaries of any incorporated or unincorporated city, village, or borough having a population in excess of one thousand five hundred inhabitants."

Approved October 28, 1949.

Preference.

Applications for loans.

Refinancing indebtedness.

Adequate security.

Restriction.

48 Stat. 1064.
47 U. S. C. § 151 *et seq.*; Supp. II § 151 *et seq.*
Ante, p. 108.
"Telephone service."

48 Stat. 1066.
47 U. S. C. § 153 (o).

"Rural area."