PUBLIC UTILITY CONTRACT

In the case of the King vs the Board of Commissioners of Public Utilities, a recent decision of the Supreme Court of New Brunswick, a rather interesting point arose in connection with the operation and regulation of Pubilc Utilities.

To this case it appeared from the evidence that a Public Utility Company entered into a contract to supply water to a Town, to extend over a period of twenty years, with a right of renewal at the expiration of that time. When the twenty years expired no new contract or renewal was entered into between the Town and the Company, but the Company continued to supply water to the Town at the old rates, and no effort was made by the Town to secure a renewal of the contract.

On an application to fix the rates, the Town contended that the action of the Company in continuing to furnish water at the old rates after the expiration of the original contract was in itself a renewal of th econtract for another twenty years, but the New Brunswick Board of Public Utilities decided that at the most the supplying of water under the original conditions and at the rates provided in the original contract could not be construed as anything more than a renewal of the contract from year by year, or possibly from month by month.

On appeal this decision was upheld by the Supreme Court of New Brunswick.

"In this finding of the board I concur," said the Court. "Applying to the contract, as I think we may very properly do, the principles of the law governing leases and the renewals thereof, I find it has for years been well recognized law that if a tenant for years holds on after the expiration of his lease, or continues in possession pending a treaty for a further lease, he is strictly a tenant at the will of the landlord, and may be turned out of possession without notice to quit. But if during the continuance of such tenancy at will the tenant has offered and the landlord has accepted rent for the use of the property, the law infers that a yearly tenancy was meant to be created between them. Whether, however, the tenancy becomes from year to year or month to month is a question of fact or a matter of evidence rather than law, the payment of monthly or yearly rent being an important circumstance sometimes decisive. Usually a tenant for month or months holding over becomes a tenant from month to month. If these principles, therefore, may be applied to this contract, can the conduct of the Company at and after the termination thereof, hereinbefore referred to, reasonably be considered such as would lead to a renewal of the contract for twenty years upon the term of the original agreement. As stated, I agree with the Board that it cannot. The very most that could be successfully claimed is that the contract, after its expiration, became one from year to year, so that at the time of the filling of the new schedule of rates referred to there was no existing contract between the said Town and the Company, whereby the jurisdiction of the Board was ousted."

CANCELLATION NOT IN FORCE

Failure to Send Written Notice ***Results in Judgment*** *Against Company.*

Judgment for $5,000 was returned against the National Union in favour of S. T. Morton by the chancellor in a special term of the Chancery Court of Marshall County, Tenn., recently. The chancellor ruled that no written notice of the cancellation of a policy held by Morton had been served on the assured.

The policy was issued to cover meats in the smoke house on assured's premises and on account of his bad fire record th ecompany ordered the policy cancelled. It is claimed that the agent called on the assured to cancel the policy but the assured persuaded him to allow the policy to stand until the meat could be moved from the smoke house. This he claimed would require only a few days. The agent granted the request and testified that it was agreed that the policy would be canceled on a certain date in October. The policy was in custody of the agent at his office. He canceled it on his books on the date agreed without further notice to the assured and sent the canceled policy to the company and several days later fire destroyed the smoke house and contents, following which claim was made for the full value of the policy by the assured.

The company denied liability, stating that the policy had been canceled. Assured then brought suit and the case was tried before special term of Chancery Court in Lewisburg. After hearing the evidence the chancellor ruled that as no written notice of cancellation had been served on the Assured as provided by the policy contract the company was liable for the amount of $5,000 plus interest but did not allow the penalty of 25 per cent. The case was appealed to the Supreme Court. Since the time of the fire the complainant has gone into bankruptcy.—*Insurance Field.*