

- (c) its issues of capital stock have been subject to the jurisdiction of The Board of Transport Commissioners for Canada since 1929 or for the past 19 years.

Obligation to Give Service

There is one other provision to be found in your Petitioner's Special Acts to which attention must be drawn. It is to be found in chapter 41 of the Statutes of 1902. It is a fairly long section the relevant part being as follows:—

Upon the application of any person, firm or corporation within the city, town or village or other territory within which a general service is given and where a telephone is required for any lawful purpose, the Company shall, with all reasonable despatch furnish telephones, of the latest improved design then in use by the Company in the locality, and telephone service, etc.

This enactment, which was no doubt passed in the public interest, imposes a definite duty upon the Company to furnish telephones and telephone service upon demand with all reasonable despatch.

It is because of this duty and of the Company's desire to discharge its obligations under it that it has petitioned for the enactment of Bill No. 8.

The Company is not asking Parliament to vote it the amount of additional capital moneys which it needs. What it asks is that Parliament will grant it—

First, the power to create, with the approval of its shareholders, new authorized capital as it needs it to the extent of \$350,000,000;

Second, the right, having the required authorized capital, to go to The Board of Transport Commissioners for Canada from time to time and try to satisfy it of the propriety of making an issue of a specified amount of such authorized capital and of the price, terms and conditions upon which it is to be issued; and

Third, the opportunity, after complying with the Blue Sky Laws, of going to the Canadian investors who, the Company believes, have confidence in our country's future and in The Bell Telephone Company of Canada, and seeking from them the capital moneys the Company needs for the purpose of serving the public of Ontario and Quebec with essential telephone service.

Financial History

Since the Company is asking for a substantial increase in its authorized capital, it seems appropriate that before attempting to make out its case for the amount of new capital sought we should endeavour to state what the Company has done with its present authorized capital.

The Company's original Act of Incorporation passed in 1880 authorized its capital stock to be \$500,000 divided into 5,000 shares of \$100 each and enabled the Company after the whole of its authorized capital stock had been subscribed and at least 50% thereon paid up to increase its capital to \$1,000,000.

By the end of the year 1883, the Company had purchased or constructed a telephone system serving 6,000 telephones in 52 exchanges and had constructed some 668 miles of long distance lines connecting together such of these exchanges as it was possible to connect having regard to the development of the art at that time. This was a big undertaking at the time for it will be remembered that the telephone was then only 7 years old.

In accomplishing this, the Company had expended the whole of its \$1,000,000 of authorized capital and invested it in the telephone plant and facilities making up its system.

Having used up its authorized capital in establishing its system serving 6,000 telephones, the Company had to have more capital if it was going to expand