

If the Company is permitted to carry on its present rural development program; if it is enabled to procure the capital funds to carry it out, it expects that by the end of the year 1951 between 65 and 70 per cent of the establishments in the rural territory it serves will have telephone service. This will mean that the rural telephone development in the territory the Company serves will be very close to the telephone development in the urban areas it serves.

It will be seen from these facts and figures that the Company has well served the territories where it has undertaken to furnish service.

Rate Regulation

The foregoing gives a brief description of the telephone situation in Canada as it exists today and the conditions under which The Bell Telephone Company of Canada operates generally. There are some other conditions which should also be considered.

By December 31, 1881, or the end of the second calendar year of its operation, the Company had acquired 3,100 telephones—and those were all the telephones in service in Canada. In May, 1882, however, Parliament appreciating the importance of this new industry which was in the process of development enacted chapter 95 of the Statutes of that year declaring the Company's Act of Incorporation, and the works authorized under it, to be for the general advantage of Canada.

* Then, in the year 1892, when the Company was serving but 23,000 telephones, Parliament enacted chapter 67 of the Statutes of that year which provided that

The existing rates of the Company shall not be increased without the consent of the Governor in Council.

This legislation was supplemented by chapter 41 of the Statutes of 1902 which enacted that

The rates for telephone service in any municipality may be increased or diminished by order of the Governor in Council upon the application of the Company or of any interested municipality, and thereafter the rates so ordered shall be the rates under this Act until again similarly adjusted by the Governor in Council.

Under this enactment, the Governor in Council was authorized to refer rate matters to the Exchequer Court for determination and the word "rates" was made to apply to local as well as long distance rates.

Then in the year 1906, when the Board of Railway Commissioners for Canada (now the Board of Transport Commissioners for Canada) was created, that Board was given full and complete jurisdiction over the Company's rates for by your Petitioner's Special Act, chapter 61 of the Statutes of 1906 it was enacted that

This Act and The Bell Telephone Company of Canada and the exercise of the powers hereby conferred shall be subject to the provisions of The Railway Act 1903 and amendments thereto.

By virtue of this enactment and the provisions of The Railway Act, as made applicable, the Board has full jurisdiction over all matters pertaining to the Company's rates. This jurisdiction is a very broad one since the Board has power to act of its own motion (sec. 36), may act from time to time as occasion may require (see 37) and may review, rescind, change, alter or vary its own decisions (sec. 51).

The extent of the Board's powers is evidenced by the provision it embodied in its judgment in the Company's last general rate case (1926-27) from which the following paragraph is quoted:—

For this reason, it is imperative that the Board should not lose sight of the results of the company's financial operations, not only from year