

TELEPHONE RATES FOUND TO BE NOT JUSTIFIED

Board of Trade Committee Hits the Company Hard—Stock Too Highly Valued—Conditions Are Analyzed After Keen Investigation and Remedies Are Suggested—Control of Rates By Judge

(From The Telegraph.) A searching and hard-hitting report on telephone conditions was submitted to the council of the board of trade yesterday afternoon by the board's committee appointed some time ago to consider the action of the N. B. Telephone Co. in again increasing its charges.

The report, which is printed in full hereafter, finds that the company was not justified in raising the rates, that the company is much over-capitalized, that it is today paying dividends on an immense amount of watered stock because of past "stock dividends"; that the St. John business was highly profitable at the old rates, that the public may at any time be subjected to further injustice, that protection against further arbitrary demands is imperatively necessary, and that many of the company's statements and explanations are unconvincing.

- 1. That section 1 of the act be amended so as to allow incorporated towns or municipalities to expropriate local telephone systems within their borders and to exclude as subjects of compensation franchises gratuitously conferred by the legislature upon telephone companies.
2. That section 8 be repealed and a section substituted therefor vesting power of revision over the tariffs and regulations of telephone companies in the hands of the judges of the supreme court with right of appeal to the full bench from the judgment of an individual judge; and
3. That on failure to obtain such legislation, steps be taken to authorize the installation by the city of an independent telephone exchange.

Dated the Twelfth day of January, A. D. 1910. J. N. HARVEY, Chairman. H. A. POWELL, W. E. FOSTER, J. G. HARRISON.

When the committee was submitted yesterday afternoon to the council of the board of trade, it was received and referred to a special meeting of the council for consideration, and this was done. The council of the board of trade is composed of: J. H. Estabrook, president; W. C. Cross, W. H. Turner, W. S. Fisher, John Sealy, W. F. Hatheway, J. Hunter White, J. N. Harvey, James Pender, R. T. Hayes, Ald. Joseph A. Lively, H. B. Schofield, W. E. Foster, H. Colby Smith, F. B. Francis, H. C. Schofield and H. P. Robinson.

It is not known when these gentlemen will be called together to consider the report, but presumably it will be soon. The matter rests in the hands of President Estabrook.

As has been made known by The Telegraph, the telephone question is to come up in the Legislature next month, and the board of trade committee's report will prepare the way for action at Fredericton, showing as it does how really the public is at the company's mercy if the monopoly is not brought to reason. The report follows:

Your committee appointed to consider the increase in telephone rentals in the city of St. John beg to submit the following report:

Immediately on our appointment we proceeded to take up with the officers of the company the matter entrusted to us and found them willing to discuss the question in a friendly spirit, and to furnish us with all the information they had in their possession.

In justification of the present increase in the telephone rentals the company claims that the present net income from its telephone system in the province does not afford a reasonable return upon the capital stock which has been invested. The company also contends that its rentals are lower than those charged by other companies.

Back of the question of the amount of capital stock upon which the company claims the right to have a reasonable return are two questions: First—What is the amount of capital stock, if any, of the company which has been improperly issued? And second, What is the amount, if any, by which the par value of the capital stock and bonds of the company exceed what would be the cost of replacement of its plant, or of the installation of an equally efficient plant? A comparison of the rates imposed by outside companies could only be of assistance in determining the fairness or unfairness of the New Brunswick company's rates in the light of the answers to these two questions.

Up to the time of its absorption of the Central Telephone Company in 1907, the New Brunswick Telephone Company had, according to the statement given us, issued stock as follows:

Table with 2 columns: Description of stock, Amount. Includes items like 'To the Bell Telephone Company', 'Re. St. John Exchange', 'Re. Fredericton Exchange', etc.

The present officers of the company stated they knew nothing regarding the stock issued to the Bell Telephone Company except what appears in the books of the company.

This statement given us by the officers of the company is at variance with the statement of Senator Thompson, managing director of the New Brunswick Telephone Company given under oath in 1908 before a select parliamentary committee at Ottawa appointed to inquire into telephone systems in Canada.

Fashion Hint for Times Readers



FLOURESCENT FEATHERS—THE NEW FAD Six feathers in pale tints of pale yellow, pink, blue, and green are used on a broad-brimmed hat in a delicate pink shade. The big hat is curled back at the left side to show the face.

Again Different The statement given us by the company varies from Senator Thompson's evidence in an interesting manner.

Senator Thompson on p. 312 states, "at the end of 1904 the stock amounted to \$240,000, or 4,081,600 shares, of which the Bell people held \$69,100 or 1,182 shares, and the difference between \$25,000 of paid up stock issued to the Bell Company (issued for its system in New Brunswick) and their holding of \$69,100 had been paid for in cash by the Bell Telephone Company."

According to the statement furnished us by the company the stock issued to the Bell Company did not receive from the company the \$69,100 there mentioned above as stock dividends and professed to be for earnings on the company which were paid over to the shareholders in cash.

The issue of capital stock by the Central Telephone Company was under the terms of an agreement which closed a struggle between these companies in which each had endeavored to outwit and outbid the other.

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SMALLPOX FRIGHTENS

Yet Statistics Profusely Show that More People Suffer and Die from Ordinary Kidney Disease in Three Months Than Die by Smallpox in a Year.

Mentions Fine Prescriptions To Prevent and Cure Kidney and Bladder Disorders.

The appalling number of people who neglect the slight signs of kidney derangement is responsible for the high death rate of this class of mankind. A little attention, at the very first symptoms would tend to greatly lessen the fatal incidence. No organ in the body is so important as the kidneys. A cramp-like pain in the back, a burning dragging sensation or sorely aching joints, and dull pain in the bladder region, puffing eyes, swollen ankles, weakness and lethargy all should be taken as signals that the kidneys are suffering. Nature needs assistance and a few of nature's properly blended drugs, make sick kidneys healthy, and restore the system to its normal and healthful condition.

Advances for depreciation, a good return on its fair valuation. 4. In increasing the rentals and tolls of the company a seeking to relieve itself from the effects of over-capitalization and losses resulting from unprofitable business in some portions of its system.

In ordinary industrial or commercial undertakings the law of competition when not interfered with, by combining limits prices, so as to afford, approximately at least, a fair return on the capital which would be necessary to create or replace these undertakings in their existing efficiency. The losses attendant upon mistakes in the mechanical construction in the value of up-to-date machinery, or resulting from errors willfully or otherwise committed either in installing a rival plant. When competition is absent rates can be levied to the fullest extent that the patience of people will tolerate.

With regard to such monopolies, which are public utilities, some controlling power should be exercised by the law of the land. The common law would have afforded some protection, but since the passage of this section, and so long as it remains in force, those who are compelled to patronize the company's system must submit to whatever terms it may arbitrarily impose.

Another objection to the section is that it vests even this phantom control in the hands of the executive, apart from those reasons which render governments very unsatisfactory tribunals for such a jurisdiction, the salaries of the members of our provincial government are entirely too small to justify the imposition upon these officers of the duties laid down in this question. They could not be expected to give the complicated questions coming before them the time necessary for intelligent solution.

It has come to be recognized in the great commercial countries of the world that the tariff of a natural monopoly, which is a public utility is a matter for a judicial tribunal and not for the executive of the nation. Canada, following in the footsteps of the United States, has appointed a railway commission to remedy the evil of unreasonable tariffs in railways. To appoint a commission to regulate the control of telephones and telephone rates in New Brunswick might not be desirable from a financial standpoint.

Effective Control Needed In England powers have been conferred by parliament upon judges of the court to determine upon the reasonableness of railway and canal companies' regulations even in such matters as the receiving, forwarding and delivering of freight. The question of the reasonableness of freight charges under statutes of Great Britain frequently comes before the courts. In New Brunswick we are fortunate in having judges of the supreme court who are admirably qualified to exercise control over the regulations and tariffs of telephone companies. Telephone companies have rights that should be respected. The willingness of shareholders to risk capital in undertakings whose success is doubtful should be rewarded. At the same time the citizens of a free country should not be placed in a position in which they are obliged tamely to submit to whatever exactions may be wrung from them.

The control of telephone rates by the court would insure justice to all parties. The companies would be protected in obtaining a just return on the capital invested, and the public on the other hand would be secured immunity from extortion.

1. That section 1 of the act be amended so as to allow incorporated towns or municipalities to expropriate local telephone systems within their borders and to exclude as subjects of compensation franchises gratuitously conferred by the legislature upon telephone companies. 2. That section 8 be repealed and a section substituted therefor vesting power of revision over the tariffs and regulations of telephone companies in the hands of the judges of the supreme court with right of appeal to the full bench from the judgment of an individual judge; and 3. That on failure to obtain such legislation, steps be taken to authorize the installation by the city of an independent telephone exchange.

Dated the Twelfth day of January, A. D. 1910. J. N. HARVEY, Chairman. H. A. POWELL, W. E. FOSTER, J. G. HARRISON.

FILED IN 6 to 14 DAYS PAIN PROMPTLY relieved in any case of itching, burning, stinging or protruding piles in 6 to 24 hours or sooner, if desired. See directions on box.

ONE ON RAMBO Sambu—My child had a bullock went mad de other day and swallowed his watch. It's running yet. Rambo (in astonishment)—What, da watch? Sambu—No, de bullock.

A knowledge of music isn't necessary to enable a pretty woman to play upon a man's sympathies.

It is impossible to be well, simply impossible, if the bowels are constipated. Waste products, poisonous substances, must be removed from the body at least once each day, or there will be trouble. The dose of Ayer's Pills is small, only one pill at bedtime. All vegetable.

The Times Daily Puzzle Picture SOUNDING A certain class of men, know. Are very much like drums; From heads that hide most emptiness The greatest uproar comes. Find another wise guy. ANSWER TO YESTERDAY'S PUZZLE Upper left corner down, below right she slides.

Only One "BROMO QUININE," that is Laxative Bromo Quinine. Cures a Cold in One Day, Grip in 2 Days.

SALE OF MEN'S Underwear and Sweaters

- 50c. Wool Shirts and Drawers 39c. each
85c. Ribbed Shirts and Drawers 69c. each
\$1.00 Extra Heavy Shirts and Drawers 79c. each
Boys' Fleece Underwear, up to 34 inch 35c. each
\$1.00 Men's Heavy Cardinal Sweaters 69c. each
\$1.25 Men's Grey Coat Sweaters 89c. each
\$1.50 Heavy Sweaters, open neck 98c. each
50c. Boys' Sweaters, dark colors, 39c. each
75c. Boys' Sweaters, large size, 49c. each

I. Chester Brown 32 and 36 King Square.

reduce its revenue to such an extent that after providing for said interest, expenses and depreciation the prospective annual dividend upon the company's paid up capital stock will be less than eight per cent per annum.

Two wrong principles are incorporated in this section. The telephone exchange, is a system complete in itself and the rentals should be determined with regard to the cost of installation, maintenance and management of that exchange.

Acting strictly within its rights under this section the company could make the patrons of any exchange pay whatever rates it saw fit and the lieutenant governor in council would be powerless to interfere provided it did not "earn and pay" (mark the language) an average dividend of at least 8 per cent upon its total paid up capital stock.

There is no guarantee that the present unvarnished increase is to be the last. The apparent safeguards of the section are capable of almost limitless evasion. The common law would have afforded some protection, but since the passage of this section, and so long as it remains in force, those who are compelled to patronize the company's system must submit to whatever terms it may arbitrarily impose.

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Advertisement for 'A Skin of Ours is a Joy Forever' featuring a woman's face and text about skin care products.

Advertisement for 'DODD'S KIDNEY PILLS' with an illustration of a pill bottle and text describing its benefits for kidney health.

Advertisement for 'The Times Daily Puzzle Picture' featuring a cartoon illustration of a man and a woman and text about the puzzle.