

Contract No. 2—
Telegraph.

311. How much higher?—Fifty or sixty thousand dollars.

312. That was not considered to be so good an offer, with that increase, for the whole section as you accomplished by dividing it?—If it had been practicable to entertain Mr. Fuller's proposition to add \$60,000 to his tender, the cost of the two sections would have been \$216,000, whereas the tenders accepted amounted to \$225,100.

But if Fuller's proposal to add \$60,000 had been entertained the whole would have been \$216,000 instead of \$225,000 which was given.

313. Why was it considered proper to accept the tenders which were accepted for \$225,100, instead of this increased offer at \$216,000?—Because the acceptance of Mr. Fuller's tender involved a change in the amount.

314. Is that in your Department held to be a reason for refusing a contract, if a man adds anything to his first tender after it is sent in?—The practice is that a tender should not be altered after it is sent in.

Such a change not permitted by practice of Department.

315. Do you mean that the Department will not recognize them if they are altered?—No.

316. That is the general practice?—Yes.

317. And do you give that as a reason for this lower offer having been refused—because it involved an alteration after the tenders were received?—Yes.

318. Do you know any reason why this should apply to the second contract, and not to the first contract? You will, perhaps, remember that in October there was something added to Sifton, Glass & Co's tender—\$16 a mile for maintenance?—I am not sure that it was added in that way.

Thinks offer to take 16 a mile for maintenance was not added to tender of Sifton, Glass & Co., contrary to rules of Department.

319. Speaking of contract number two, you say that was awarded to Fuller. How many miles did his contract embrace nominally?—That contract embraced nominally 500 miles.

Contract No. 2 embraced nominally 500 miles.

320. What was the sum agreed to be paid on construction in contract number two—Fuller's contract?—\$117,250.

For construction \$117,250 agreed on.

321. And how much for maintenance for five years?—According to his tender \$65,000.

\$65,000 for maintenance.

322. Which makes a total of?—\$182,250.

Total, \$182,250.

323. And what had you previously agreed to pay in the aggregate for the balance of section three to Sifton Glass & Co. under the name of section one?—\$107,850.

\$107,850 agreed to be paid to Sifton, Glass & Co. for construction of Sec. 1, and \$127,850 for maintenance besides profits.

324. And the maintenance?—\$127,850.

325. That was besides profits to Sifton?—Yes.

326. Then, exclusive of profits, what had you accomplished by those two contracts as the price for the whole of section three including construction and maintenance?—We were getting the work executed for \$310,100, including maintenance.

Thus \$310,000, besides profits is cost of constructing and maintaining Sec. 3.

327. Will you look at the statement of Mr. Fleming respecting one of the rejected tenders, by Thompson, who offers to do the whole of his portion of the line, section three; let us know what his offer was?—In the statement prepared by Mr. Fleming Mr. Thompson's tender is represented as being at the rate of \$280 a mile, giving a gross sum for construction of \$226,000, offices and other matters not included. For the maintenance \$11,200 per annum, which for five years gives \$56,000,

S. Fleming's statement represents Thompson's tender for the same to be \$280,000 exclusive of offices, &c.