

Mr. REGIER: Mr. Chairman, I realize the need of the company to embark on an expansion program. When we consider this need I realize there are three interests involved. First of all there are the interests of the users of the telephone system, the interests of the telephone company as a corporate entity, and the interest of the owners of the corporate entity. I wonder if Mr. Farrell would explain how their method of marketing or disposing of ordinary shares by the issuance of rights is of advantage either to the consumer or to the corporation as such. Is there any advantage in it to either the British Columbia Telephone Company or to the users of the British Columbia Telephone Company in the method of disposal of shares?

Mr. FARRELL: To begin with, the issuance of rights always adds a little bit to the value of the common share because, from time to time, when new issues are made the value of the rights adds to the value of the stock. If the policy of the company was not to issue rights the stock would be at a little less price than if they were issuing rights. If no rights were issued we would then have to have the shares underwritten which of course costs money.

Therefore you arrive at a position of where would the value of the stock be without rights. Undoubtedly it would be below the price if we were issuing rights. Therefore, the price at which you could sell your shares, less the commission, would probably be somewhere near the position when the stock was sold at the rights price.

Mr. REGIER: I notice the relatively large reserves of this company which have, in former years, been used for an expansion program. We, of course, know these reserves have only one origin, the consumer. Could Mr. Farrell give us the rates of an ordinary residential private line telephone in the cities of Toronto, Winnipeg, Regina and Vancouver? May we also have a comparison as to what the average householder pays on a single line phone in each of those cities?

Mr. FARRELL: I am sorry, but I do not have that information. I would ask Mr. Pipes, he is the General Manager.

Mr. PIPES: I have the rates here for our own and the Bell Telephone Company. I do not have it for Winnipeg. Did you mention other cities?

Mr. REGIER: Toronto, Winnipeg, Regina and Vancouver.

Mr. PIPES: In a comparison, the rates increase as the size of a city increases. Consequently we are comparing a small city with a large city and they are not comparable rates. However, we will give you the rates.

Mr. REGIER: I wonder if the witness would furnish us with the rates for urban centres of roughly even size in the four provinces?

Mr. PIPES: I will have to look it up. I have it for Vancouver; for individual residential service it is \$5.35. I will get you the information.

The CHAIRMAN: Would it be in order if the information is obtained and placed in the minutes?

Agreed.

The following is a comparison of individual residential rates for Toronto, Winnipeg, Regina and Vancouver.

City	Individual residential rates	Number of telephones that can be called
Toronto	\$5.45	643,800
Winnipeg	3.90	154,347
Regina	3.50	36,406
Vancouver	5.35	256,696