

to \$550. That is one side of the picture. The other side is where I was dealing with the annual revenue of the company and what it should receive in order to pay all of its expenses and leave a reasonable return.

Mr. POULIOT: Your calculations are similar to that of the grain dealers in futures, quite similar. Well now I can't understand the difference of rate between each group. What is your element of difference between the charges of various groups?

Mr. MUNNOCH: Mr. Pouliot, if I might answer that question. In determining telephone rates an attempt is made to evaluate the value of a particular service in a particular place. In cities like Montreal and Toronto, which are two of the largest exchanges, you can reach more people by telephone without paying a long distance rate than you can in any other place; therefore, the value of the service there is greater because you can reach more people by means of it for a flat monthly rate. When you get down to the smaller exchanges where you can only communicate with one hundred or two hundred or five hundred people, the service is not the same value, therefore it is rated at a lower rate by the Board of Transport Commissioners.

Mr. POULIOT: But the long distance call has nothing to do with the rate at all.

Mr. MUNNOCH: Nothing to do with the rate at all, no.

Mr. POULIOT: Therefore there is no reason for that difference in the subscriptions for local calls and long distance calls. The long distance calls are self-supporting.

Mr. MUNNOCH: Well, the point is this, that the company has treated as a whole single operating unit the places where the service is of more use to the subscribers, they are charged more than is charged in smaller places where the subscriber can make less use of it. Surely you will agree, sir, that if you have a telephone in your house and can only speak to 50 people it is not worth as much in service as though you can speak to 1,000 people or 10,000 people.

Mr. POULIOT: Now, you have given me the answer. Now, according to what Mr. Hartt has been talking about, if you divide the \$550—there is \$20 for the instrument itself—what is the balance, the \$530?

Mr. MACAULAY: I don't happen to have a breakdown accurately.

Mr. POULIOT: No, approximately. I do not want it like the balance sheet of the company, to a cent. I will be satisfied to have it in broad figures. There is the installation cost and there is the wire, and the poles and so on. I would like to have an analysis of the \$550. I know \$20 of the \$550, so there is \$530 left of that amount which has been mentioned by the company. It wasn't Mr. Hartt who discovered this cost of the company.

Mr. HARTT: No, I am not that smart.

Mr. POULIOT: You are smart.

Mr. HARTT: I knew you would not let me down.

The CHAIRMAN: Are you ready now, Mr. Macaulay?

Mr. MACAULAY: Mr. Chairman, I would ask if I might do this overnight.

The CHAIRMAN: Is that satisfactory, Mr. Pouliot?

Mr. POULIOT: Pardon me, sir?

The CHAIRMAN: He said that he would prefer to figure it out and give us the answer at our next sitting.

Mr. MACAULAY: What would you like, this year or the last five years—this year?

Mr. POULIOT: Make it the best you can and I would be satisfied with your answer, because you have a nice face.

Mr. CHURCH: Mr. Chairman, I want to call the attention of the committee to one or two things. We have been hearing from the province of Quebec pretty