

Company has tried to look into the future so far as it can with a basic 5-year plan of which the principal items are above stated. This estimated program must necessarily be based on present views of industrial activity and business prospects and the progress of Canada during that period. In reaching this estimate of \$360,000,000 the Company made the best estimate it can, based on its continuous development studies.

The Company has also looked to its past experience—particularly to the period following the First Great War. It is thought that the period we are now in has and will have factors in common with the post-war period following the First War, particularly in the field with which the Telephone Company is concerned, that is plant expansion in industry, the development of new projects resulting from wartime research and increasing population and housing development.

The facts and figures available up to the present time demonstrate this.

Year	Additional phones installed	Hold orders	Held orders % total telephones in service	Year	Additional phones installed	Hold orders	Held orders % total telephones in service
			%				%
1919.....	34,271	(not available)		1945.....	62,583	77,000	7.3
1920.....	38,885	15,000	3.9	1946.....	127,811	84,000	7.2
1921.....	23,916	17,000	4.3	1947.....	129,051	94,900	7.2
1922.....	33,946	23,000	5.2				
1923.....	52,018	4,000	0.7				
1924.....	50,607	3,000	0.6				
1925.....	52,473	3,000	0.5				
1926.....	40,840						
1927.....	38,222						
1928.....	45,862						

So that if the demand for telephone service continues for the next few years as it did following the First Great War on anything like the basis that the figures for the past 3 years indicate, it is clear that the Company is going to be faced with a very heavy construction program to enable it to meet this demand. In the next five years, the Company expects to be called upon to instal some 455,000 additional telephones.

In 1920, the capital obligations of the Company amounted to about \$44,000,000. By the end of the following decade of expansion, the Company's obligations amounted to about \$157,000,000—increased in excess of 3½ times. Its capital stock increased in like proportion, that is from less than 23 millions to nearly 75 millions. Its debt capital increased more than 4 times, i.e., from less than 17 millions to slightly over 70 millions.

While this measure is not put forward as being a complete test of the Company's requirements it is, however, believed to be indicative of the conditions the Company is now facing.

In 1920, the Company's issued capital stock was \$23,000,000. It came to Parliament and sought and obtained authority to more than treble its then existing issued capital of \$23,000,000. That proved to be insufficient to carry the Company through the full expansion period which ended in 1931 and it had to again apply for a further increase in 1929.

If in 1920 the Company had sought an increase in capital of sufficient amount to have carried it through this expansion period it would probably have been thought to be overreaching. Some might think that it is now, but it is respectfully submitted that if the Company is to be able to provide the service which the public require over the next few years it is going to need the additional capital petitioned for.