

Corporation Finance

Bell Telephone Hearing is Resumed—Company's Application For Increased Rates Meet With Much Opposition—Kerr Lake Production is Lower—Reserves of Ore at Cobalt Property Becoming Exhausted—Increased Gas Rates for Quebec Railway and Light Company is Recommended

Quebec Railway, Light, Heat and Power Co.—The civic finance committee of Quebec has recommended to the city council that the company be authorized to increase the gas rate from \$1.25 per thousand cubic feet to \$1.75, the increase to date from November 11, and under certain conditions.

Cockshutt Plough Co.—One change was made in the officers of the company in Brantford on November 10th at the annual meeting, E. A. Mott being added. The directors are: Col. H. Cockshutt, George Wedlake, G. K. Wedlake, Sir Augustus Nanton, E. A. Mott, Sir Lomer Gouin, H. W. Hutchinson, James Adams, F. Perry. The statements presented were reported as very satisfactory to the shareholders.

Kerr Lake Mines, Ltd.—Due to the gradual exhaustion of the reserves of both high-grade and low-grade ore at the Cobalt property, the amount of silver produced during the year ended August 31, 1920, was considerably less than during the previous year, and the cost of production was higher. The mine is now producing each month a relatively small amount of silver, and no definite estimate can be made as to how long this will continue. During the year under review gross production amounted to 956,049.92 ounces of silver, 42,654 pounds of cobalt and 34 pounds of mercury. These figures also include 88,598 ounces of silver on hand at August 31, according to inventory. Last year the result was 1,482,649.40 ounces of silver, 90,586.42 pounds of cobalt, and 137.5 pounds of mercury. Inventory showed 154,682 ounces of silver on hand.

The income account shows the balance transferred to the balance sheet as \$916,089, as compared with \$22,152 last year. The account shows no dividend payments, however, while last year payments totalled \$600,000. Dividends received from the Kerr Lake Mining Co. are stated as \$1,000,000, as compared with \$653,000 a year ago. Total assets of the company amounted to \$3,377,641, while at August 31, 1919, the figure was \$3,039,591.

Bell Telephone Company of Canada, Ltd.—From September 21 to 23 last, the company presented its case for increased rates before the Dominion Board of Railway Commissioners at Ottawa. Now the board is hearing the other side of the story. The first hearing against the company's application was held at Hamilton on November 4. It was the chief complaint that the company had not supplied sufficient data.

One of the chief witnesses was J. B. Williams, of the Hamilton Chamber of Commerce. The board was reminded by Mr. Williams that the company in applying for an increase was ignoring a previous order of the board that no permanent increase should be made until normal conditions were restored. Mr. Williams read a lengthy statement in which he showed that the Chamber of Commerce had met with repeated failure in trying to get information from the company as to its cost of operation in Hamilton, cost of maintenance in Hamilton, number of local business calls and residential calls. Other information the chamber felt the company should give concerned the actual expense of operation, actual revenue under present rates, estimated revenue under proposed rates applying to a representative private branch exchange, having, say, ten trunk lines, necessity for the increase in wages granted on May 1, 1920, what increase was granted? why was a larger increase granted in Hamilton than elsewhere; actual cost of installing a telephone ready for service, and lastly, on the present Hamilton business, what does the company estimate its revenue would be under the proposed rates?

On virtually only one point did the company commit itself, and that concerned its estimated increase of \$130,000 in revenue in Hamilton were the new rates to become effective. As against this estimate, however, Eric Bower,

assistant city treasurer, gave it as his opinion that the rates on which the company had based its increase would really produce a revenue of \$370,000 per annum, instead of \$130,000.

The second hearing against the application for increased rates was held in Toronto on November 5, and at this the company's proposition met with decided opposition. On the whole, the majority of the representatives stated that if the commissioners reach the conclusion that the Telephone Company was entitled to receive any more money it should be fixed on the basis of a flat rate. On the other hand, the spokesmen representing the various ratepayers' associations contended that, in view of the apparent general decline of the prices of various commodities, the company should not be permitted to increase the rates. The evidence which the traffic departments of the Toronto Board of Trade and the Canadian Manufacturers' Association has been gathering was not submitted, counsel stating that it would be ready for submission at the final hearing of the investigation at Ottawa in a few weeks hence. H. W. Shapley appeared for the Bankers' Association, and was granted permission to file at a later date a tabulated statement of the proposed rates as it affected the banks.

Mayor Church, speaking as chief magistrate of the city, emphasized the fact that all prices had reached their utmost peak, and are now receding, adding that the time was opportune when the people should be furnished with better service and decreased rates, instead of having to contest an application for higher rates. In his opinion the whole matter was merely one of accounting. The mayor then suggested that the Bell Telephone Company should be asked to supply answers to the following questions: Cost of operation and maintenance in Toronto; number of business and residential calls in Toronto; actual cost of operation; actual revenue under present rates; estimated revenue under proposed rates; applying to a representative branch exchange having ten lines; necessity for the increase of wages granted May 1, 1920; what increase was granted; why a larger increase given in Toronto than in other points of the system; book value of Bell plant in Toronto; actual cost of installation of a telephone ready for service; on the present Toronto basis, what does the telephone company estimate the revenue would be under proposed rates?

The session in Montreal on November 10th was of short duration. It was announced that the date of the final sessions at Ottawa for the discussion of the whole matter, on which their eventual order will be based, would not be fixed until it was known when the reports of the experts engaged by the Union of Municipalities, who are opposing the company's application, would be ready. These reports, the board was informed, could not be ready for at least six weeks.

Another matter of almost equal importance was settled at the session, namely, when Chairman S. J. McLean announced that there would be no retroactive measures, but that any increases, if granted, would date from the issuing of the order of the board, but would have no retroactive effect. This led to a request by counsel for the Bell Telephone Company that proceedings should be hastened, since they claimed that under present rates the company was losing \$200,000 a month.

COBALT ORE SHIPMENTS

The following are the shipments of ore, in pounds, from Cobalt Station for the week ended November 5th:—

McKinley-Darragh, 86,321; Bailey Mine, 87,116; La Rose Mine, 109,972; Nipissing Mine, 325,766. Total, 609,075. The total since January 1st is 23,870,695 pounds, or 11,935.3 tons.