

PUBLIC UTILITIES COMMISSION RESUMED SESSIONS YESTERDAY

Two Sessions Held and Adjournment Made Until Friday
Next—Telephone Company Want \$309,186 More
Than Last Year—Increased Taxes, Insurance and
Wages Set Out at \$86,000 Expense More Than Figured
in Report.

The hearing of the case of the New Brunswick Telephone Company in connection with their application for increased rates was resumed before the Public Utilities Commission in the Government Rooms yesterday morning.

Samuel H. Milder, the expert engaged by the commission to investigate the company's financial position, said that in his opinion the company was entitled to considerable more revenue to carry out their work efficiently. He considered that additional revenue of \$212,000 was needed at the time of his investigation, but since that he had been advised that a further increase would be necessary, bringing the amount up to the vicinity of \$309,186.

O. J. Fraser, general superintendent of the company, said that since Mr. Milder's report had been made the company had become liable for \$8,000 additional taxes, \$3,000 additional insurance premiums, the investigation would cost them \$7,500 and increase in wages and additional staff would amount to \$85,000 a total increase of \$96,500 above the figures submitted by Mr. Milder, or a total increased revenue of \$309,186. This would be 41.7 per cent increase over the revenue of last year.

A. B. Connel, K. C., of Woodstock, president. Others present were: Col. Frank B. Black, of Sackville, president; H. P. Robinson, managing director; O. J. Fraser, general superintendent; Hon. Dr. J. B. M. Baxter and Peter J. Hughes, of Fredericton, counsel for the company; M. G. Teed, K. C., representing the Retail Merchants' Association; E. C. Weyman, the Wholesale Grocers' Guild; Mayor W. D. Turner, of Sussex; Gordon Keith of Westmorland; Councillor Gaskin, of Cloverdale, Albert county; H. M. Lambert, of Sunny Brae, and Albin McIntyre, of Sackville.

In reply to Mayor Turner of Sussex Mr. Milder said that he had prepared a statement of the revenues and expenses chargeable to each exchange. Mayor Turner said his idea was to ascertain what exchanges were operating at a loss. The statement was presented to the meeting, but no action taken on it.

In reply to E. C. Weyman Mr. Milder said that he was of the opinion that the \$831,000 depreciation amount included in his report would have been sufficient to replace the worn portions of the plant at the time they became necessary, but he was in doubt if that amount would cover the cost today.

Questioned by Mr. Teed, Mr. Milder said that the amount of \$550,800 figured as operating expenses for the year, was based on the expenses for the nine months. He said that the figures presented at the annual meeting held recently were almost the same as his estimate.

Mr. Teed read from the auditor's report that the gross revenue of the company for the year 1919-20 was \$740,808.35, expenses and depreciation was \$615,556.25, leaving net revenue of \$125,252.10. He quoted from the 1911 finding of Dr. Hayes who put the replacement values of the total plant and equipment at \$1,613,628.03, and deducting an amount for estimated depreciation he placed the plant value at \$1,219,302, whereas the company's book value figured by Mr. Milder was \$1,164,737.10, or some \$55,000 less. Mr. Milder said that he did not consider that land depreciated.

H. P. Robinson said that depreciation had always been figured on the book values. He said he did not think that the \$104,000 depreciation should be deducted. He said there was no water in the stock and they should get their total 8 per cent return.

Mr. Baxter pointed out that the Hayes investigation was to ascertain the company had paid an 8 per cent dividend for the year ending March 31st, 1918. No stock had been issued at a discount since 1907. It had been sold either at par or at premium. He also said that the company intended to make additions to its engineering, accounting, traffic and contracting forces. Engineers were needed to take charge of new work such as installing switch boards, etc.

To Mr. Weyman he said that the reason for the immediate renewal of equipment in St. John is to meet the company's capacity, and because a more up-to-date switch board is necessary. The company is capable of carrying on three or four years but would only render improper service and would be unable to make needed improvements. He said that any increase in long distance would be charged as whole. A new switch board is necessary in Campbellton, as the old one has outgrown its usefulness.

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