

monthly of shares which have been paid up under the petitioner's "Employees' Stock Plan". The operation of this stock plan will reduce this balance of authorized capital stock to something less than \$26,000,000 during the course of next year. This \$26,000,000 would fall far short of the amount required to enable the company to make an issue of capital stock to provide it with the capital funds it will require when it next finances by that means, that is by the issue of capital stock, and is wholly insufficient to enable the petitioner to carry on the very substantial construction program which it now has under way and which it must carry on if the citizens of Ontario and Quebec, in which the petitioner operates, are to have the telephone service they require and are demanding and to enable them to have communication with the citizens of the other provinces of Canada, the United States of America and elsewhere.

#### *Construction Programme*

Although in the period from the end of 1947 to the end of July 1957—10 years and 7 months—the petitioner has placed 1,566,130 (net) additional telephones in service and expended the sum of \$928,978,000 on construction, it is still faced with

- (a) a backlog of 25,517 unfilled applications for telephone service;
- (b) a current demand for new telephone service at the rate of about 10,000 applications per month;
- (c) a backlog of 53,080 applications for a higher grade of service, i.e. for individual line service for those with 2-party service;

These applications cannot be met until the requisite facilities can be provided. Of course, as the hon. members understand, it takes capital to provide these facilities.

- (d) But this is not the whole picture. There is still the need to increase the capacity of its long distance lines.

In 1947, the petitioner's long distance lines carried an average of 165,000 calls per day. By 1956, they were required to carry 317,000 calls per day and this volume continues to increase. Its local and long distance lines now have to carry some 18,000,000 calls daily; more than double the amount carried in 1947 (8,497,000). The petitioner has not been able to provide adequate facilities to carry this load. Then too the petitioner is faced with the requirement of adjusting its system so as to provide operator toll dialing and eventually customer toll dialing in order, not only to speed up its service but also to make its system work in conjunction with the systems in the United States which are providing this faster and more efficient service.

The provision of telephone facilities to meet these requirements and the heavy demand which faces the petitioner is not a mere matter of producing telephone instruments and stringing wires. Telephones and wires are useless unless they can be connected through switchboards and the other telephone equipment necessary to make them function. Switchboards and central office equipment are exceedingly complicated pieces of apparatus. They are not available ready-made. They must be designed, engineered and manufactured for the precise place where they are to function.

Then such equipment cannot be installed and put into service without having buildings in which to house them. These buildings and additions to buildings must be designed and erected.

It will be readily appreciated that the planning, designing, manufacturing and erecting of switchboards, central office equipment and buildings all involve projects which must be anticipated well in advance and require, under present