

coming in for telephone service. If they are to do without service, well, we have done the best we can. It is beyond our capacity to build without capital.

The CHAIRMAN: Gentlemen, I am going to rule the motion out of order owing to the fact it only says "further consideration of this bill until the hearings are completed." Now, according to the ruling I gave when the rates came up it is "until the decision is given." As it has been mentioned, that might take months. I am going to rule this motion out of order. Any objections?

Now, gentlemen, Mr. Olson.

Mr. OLSON: Mr. Chairman, on the motion I would like to know this. Has the company to date curtailed its operations because of a lack of capital and secondly when would you find a serious or a large curtailment of your operations and extensions if this bill is not passed? The third part is, when does the company feel that the expansion cost of the passage of this bill will begin to show in the employment picture?

The WITNESS: At the moment with our construction program going on in full force, we are increasing employment. The funds that we have now for that construction program will not last us for very long. We are spending money at the rate of \$10 million a month on construction. Now in anticipation and in the hope that this bill will be passed, we have not started to curtail our construction program but if we are faced with the fact that this bill is not going to be passed, the only sensible thing for us to do would be to start curtailing right away and that is going to mean within the next 18 months we will have to lay off some 2,000 employees. The Northern Electric will have to lay off some 3,000 employees and building contractors will, as a result, just have to drop \$10 million worth of building contracts and what the effect of that on employment will be I do not know, but we cannot risk going ahead. I mentioned to the committee that we are continually committed to \$150 million, for goods and, materials ordered but not yet paid for, and we cannot continue very long without additional capital. If we are going to be good administrators, we will have to start cutting our suit to our cloth just as fast as we can. In the last 12 months we have added 2,084 employees.

By Mr. Winch:

Q. I have only one question. Is there anything to stop your company in the immediate future on capital expenditure having more than 40 per cent come from the field of borrowing?—A. The 40 per cent is a general average, a general long-term average. If you finance today by stock, your debt ratio goes down. If your next piece of financing is by bonds, it goes up. It is going up and down all the time. The investing public know that the Board of Transport Commissioners has approved this 40-60 debt ratio. Now if we start changing that or monkeying with it, we do not know what the investing public will think of our securities. If you get too much debt out, nobody will lend you any more money.

Q. I understand you always have and I presume you are in the future, going to pay at the rate of \$2 a share?—A. We hope so.

Q. Now that works out at \$25 par?—A. Yes, \$25 par.

Q. That is 8 per cent?—A. 8 per cent on par value but nobody is buying stock at par value today.

Q. You pay 8 per cent.

Mr. MARLER: Depending upon what the investor pays for the stock.

By Mr. Winch:

Q. It depends on your surplus revenue as to how much you pay out, what is your rate of borrowing?—A. Borrowing?

Q. Yes.—A. The last was $5\frac{1}{4}$ per cent.