have had the courage of its expressed convictions as to the alleged emergency when the increase granted is postponed to July 1st, 1919, whereas the application was made on October 15th, 1918.

Wage increases.

The main ground on which the judgment of the Board is based is that the company will require in 1919 about $1,500,000 above 1918 requirements to meet wage increases, and that this is the basis of the alleged emergency.

Serious error of Board.

Incidentally the Board have entirely overlooked the fact that about twenty-five per cent. or $366,000 of this annual wage increase was absorbed in 1918 and yet the company had a substantial surplus.

Estimated year including all wages increases.

The evidence of the company's chief officials is definite that all wage increases were in force by November 1st, 1918. Therefore it is fair to take November and December as test months on which to premise a year's operations. The following statement gives the result:—

REVENUE AND EXPENSES—NOVEMBER AND DECEMBER, 1918

Revenue		
Exchange	$1,508,067.79	
Toll	631,369.16	
Miscellaneous	29,625.60	
		$2,169,062.55
Expenses—		
Operation	$1,094,422.89	
Maintenance	336,151.96	
Taxes	77,242.73	
		1,507,817.58
Balance		$661,244.97
Or for one year an actual cash balance of		3,967,469.82
Add estimated new revenue on moving charges and long distance rates		165,000.00
		$4,132,469.82
Deduct 8% dividends on capital stock and interest on bonds		1,997,450.00
Balance available for depreciation		$2,135,019.82
Or 5.15% on depreciable property exclusive of salvage.		

SEVERAL POINTS ARE TO BE NOTED

Other revenue disregarded.

(1) No account is taken of dividends from outside investments although the Company in 1918 had an additional revenue of $238,526.36 from this source.

War tax deducted.

(2) War tax is deducted from operations as directed by the Board and the remainder of the item of taxes properly adjusted over the year.

Unusual costs should not be included.

(3) The appellants object to the inclusion of the items of war relief and influenza relief as expenses on two grounds (a) that they are exceptional and non-recurring and (b) they are properly chargeable to the contingent reserve. If these items are deducted the cash balance after payment of capital commitments will be $2,529,341.62 or enough to pay the depreciation of 5.7% which the Board have allowed as proper to leave a surplus of $146,257.34.