

Mr. DUPUIS: They would have double the income.

Mr. ROSS: (*Calgary East*): We know that it costs more to service 2,000 customers, to give the customers in excess of 2,000 phones, than to give them 1,000 phones. It costs quite a lot more.

Mr. GREEN: I do not know whether you were here at the time Major Hamilton said that at the present time under present conditions the existing phone charges will carry any extension of facilities.

Mr. ROSS: (*Calgary East*): No, I was not here.

Mr. GREEN: He has already told us that the existing rate would carry the extension of facilities.

Mr. MACINNIS: Will Major Hamilton answer the question I have asked with regard to the undertaking on one not applying to the other?

Mr. HAMILTON: Well, I will put it this way, or answer you this way, Mr. MacInnis: under the present conditions, so far as extensions to our plant and equipment are concerned the revenues produced from this additional service, produced by this additional expenditure, are to-day reasonably sufficient to carry on the company's commitments on wages, maintenance and so forth and pay a reasonable return on the money invested. But do you think it is a reasonable proposition to say that five years or ten years or fifteen years from now. With conditions beyond the control of the company—probably within the control of this legislature—being such that the operating costs of the company go up beyond their ability to cover all these reasonable requirements of the company, that full consideration should not be given to all factors involved at that particular time and reasonable consideration given by the regulatory authorities? I think that is a fair answer to the question.

Mr. MACINNIS: No, Mr. Chairman, it is not an answer at all because we are dealing with quite different things.

*By Mr. MacInnis: (to Mr. Hamilton)*

Q. Let me put it this way. The city council of the city of Vancouver is concerned with the telephone rates which are paid in the city of Vancouver.—A. Yes.

Q. The British Columbia Telephone Company came before this parliament for an increase in its authorized capital.—A. Yes.

Q. The city of Vancouver was concerned in that and the company appeared before the city council to explain to the council the implications of that increase in capital. Now, remember that the city of Vancouver are not interested in the authorized capital but in the effect that this authorized capital would have on rates when issued, and in order to be assured on the point they asked the British Columbia Telephone Company to give them an assurance that in the event that the telephone company had that new stock under this newly authorized capital that Major Hamilton would undertake for the company that it would not be used as a basis for asking for an increase in rates. Now then, it seems to me that when the city council asked for that assurance they were thinking of the authorized capital when it was issued, and as Major Hamilton must have understood, that was what was in the minds of the members of council, and that is the way it appears here; what happens fifteen or twenty years hence does not apply here, all that is implied here is that the company shall not make this issue of capital the basis for asking for increased rates.—A. Well, I can only say you are now saying that that is what city council had in mind that my letter covered—that is what you say, Mr. MacInnis.

Mr. MACINNIS: Yes.

Mr. HAMILTON: Yes. Now, I do not think city council had that in mind and I will be quite pleased to get in touch with the city council because I