

HE 8777

M46

1919

The order appealed from allows the Company in addition to certain unopposed increases and readjustments, an increase of ten per cent. in exchange rates. It is this latter increase which is being opposed, an increase which means approximately \$900,000 a year in additional rates from the Company's subscribers.

Relief pre-
mised upon
existence of
an emergency.

The application to the Board was expressly made by the Company to meet an emergency and was so treated by the Board at the hearing and in its judgments. It was conceded by all parties that insufficient evidence was before the Board to enable it to fix permanent rates, but it was urged by the Company that existing conditions as to wages and cost of materials made it impossible for the company to await the time required to prepare adequate evidence, without a serious impairment of credit and service.

Appellants
deny existence
of emergency.

The relief granted by the Board is expressly based upon an acceptance of this hypothesis. This appellant on the other hand says that the financial position of the company as disclosed by its own statements entirely controverts this finding.

Company's
history
prosperous.

The company was incorporated in 1880 and has for some thirty years paid its bond interest in full and an eight per cent. dividend on its stock. It now has outstanding \$11,149,000 bonds and \$18,000,000 capital stock.

Heavy reserves
and surpluses
accumulated.

It has accumulated heavy reserves for every conceivable purpose and in addition a contingent reserve for purposes that the officials of the company were unable to specify at the hearing. It also has large undivided surpluses. These funds as of December 31st 1918, were as follows:—

RESERVE ACCOUNTS

31st December, 1918.

	Book value	Reserve Carried	Percent. of reserve to Book Value
Office furniture and fixtures ..	\$ 165,358.82	\$ 75,262.72	45.51%
Tools and vehicles.....	307,761.68	133,646.08	43.42
Directory Plant.....	37,727.44	14,257.68	37.79
Supplies.....	1,214,597.19	613,004.40	50.47
Accidents.....		75,332.54	
Fire loss.....		33,973.57	
Extraordinary repairs.....		160,845.61	
Deferred ordinary repairs....		96,645.81	
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		\$1,202,968.41	
Accounts receivable.....	581,744.25	77,792.93	13.37
Plant.....	42,372,449.00	12,954,786.48	30.57
Contingent Reserve.....		3,132,436.08	
Surplus in Profit and Loss account.....		2,286,556.80	
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		\$19,654,540.70	