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telephone man competent to discuss the proposition anywhere outside of the Bell Company's employ, so unless your committee gets some outside expert's assistance there will be a danger of your not covering the situation completely. As a matter of fact the bulk of the independent operating companies are located in the middle or western states, there being only three or four cities of any importance from Chicago to the Rocky Mountains which have not competing companies operating with greater or less success. In some of the Territories where these independent companies operate, the Bell people have been entirely driven out, or maintain only long distance stations, leaving the local work entirely in the hands of the smaller companies.

Effective competition is given to the Bell people only by those companies which are strong enough to parallel every mile of long distance telephone or toll lines operated by the Bell Company, and such independent companies, as have done this have also expended their toll lines so as to thoroughly serve the various communities in a way which the Bell people never could be induced to do.

There are four or five telephone men in the United States, any one of whom could elucidate the whole subject, and be of most valuable assistance to your committee. But whether or not you will be able to get them is another question. One of them is Mr. T. A. Potter, who is general manager of an extensive independent plant operating in Iowa, Minnesota and Dakota. His company have over six thousand miles of toll lines and a long number of exchange. Another one is a Mr. Bills, of Milwaukee, a gentleman whom I have not had the pleasure of meeting, but whose experience I have reason to believe is very extensive. The third, Mr. Charles Webster, of Minneapolis, who was the head of the syndicate which endeavoured to get a charter last session from the Manitoba legislature, and the fourth is Mr. A. T. Averill, an Iowa man, whose address I do not know. There are also several in Chicago.

In going into the question of the cost of operation, the committee will have the greatest difficulty without the assistance of an undoubted expert, in arriving at the true value of any portion of the Bell Telephone Company's plant. The fact is that any telephone plant prior to 1895 is now obsolete, and not only imperfect in operation but more expensive to maintain. Since 1895 there is to be taken into consideration a ten per cent annual depreciation, and only such portions of the plant as have been constructed since about 1900 are really modern. You will find upon investigation that the Bell people conduct their business upon the principle that they must receive in returns every five years the total investment, plus dividends and operating expenses. Therefore, the amount of money necessary to expropriate the whole Bell telephone plant will certainly be very much less than the apparent book investments of the company.

I would like very much if business engagements permitted to place my services at the disposal of your committee for the purpose of facilitating its work, but I am very much afraid I will not be able to do so, as I have trials now which will keep me in court for about three or four weeks continuously, but any information I can give you, will be cheerfully furnished. My own idea (short of government ownership, by which I mean Dominion government ownership, which involves the expropriation of the Bell plant) will be to grant a charter to a strong financial company, who will undertake to parallel the Bell long distance system and connect with municipal systems, which in return for long distance services would operate a long distance line upon percentage basis. This would give municipal ownership an impetus and would enable local interests to be served far better than Dominion government ownership would be able to do, as the various municipalities could operate at costs and supply free telephone service to the ratepayers, in any event they could reduce the expenses to a minimum.

I am sending a copy of this letter to Mr. Maclean, with whom I last week discussed the matter while in Toronto, and if there is anything further I can do, I shall be obliged if you will let me know.

With kind regards, believe me, faithfully yours,

GEO. A. STEWART POTTS.