

	1902.	1903.	1904.
Rentals carried forward to following year.....	60,471	100,882	117,708
Net revenue	68,047	170,518	241,742
Net revenue per station.....	12 53	18 67	20 95
Public telephone receipts	141 23	1,095 75	3,779 12
Working expenses	33,272	77,764	112,760
Interest paid	13,061	32,347	41,575
Sinking fund paid.....	9,545	28,275	40,630
Depreciation fund	1,938	8,250	17,776
Loss on terminal fees remitted to subscribers	3,531	5,508	1,456
Royalty to Post Office..	6,716	16,582	24,384
Total expenditure	66,709	162,268	224,020
Total expenditure per station	12 18	17 79	19 63
	Per cent.	Per cent.	Per cent.
Percentage of Sinking Fund, plus Depreciation Fund, to total expenditure	3.93	4.2	4.67
Percentage of total expenditure to net revenue	91.17	95.16	92.66
Percentage of net revenue to capital expenditure	7.31	12.92	15.44
Percentage of outstanding rentals to gross rentals	13.95	9.91	7.44

The foregoing figures furnish details of the plant as originally estimated for, and that actually constructed from year to year; the figures in the last column representing the capital expenditure of \$1,526,208.

	Original Estimate.	1901-2.	1902-3.	1903-4.
Completed stations	5,250	5,479	9,122	11,405
Partially completed lines	1,200	8,787	7,387	9,065
Switchboard capacity ..	6,050	7,060	10,826	12,062
Pairs of wire in cables..	6,450	14,572	18,171	21,874
Miles of pairs of wire in cables	4,938	11,061	14,029	17,597
Miles of trenching.....	22	94	128	143
Ducts going out of exchange	32	126	135	150
Capacity of ducts in pairs of wires	6,900	27,000	31,000	36,000
Miles of duct	32	104	127	140
Miles of underground cable	31	114	162	206
Poles in ground	2,326	691	1,799	2,544
Iron standards on roofs.	456	228	243	239

It may be added that, with the exception of the new London post-office telephone system, the Glasgow municipal plant is the largest underground service in the United Kingdom.

Second in importance among municipal telephone systems is that of Portsmouth, which was opened in March, 1903. The results achieved with this exchange are interesting as proving how worthless are opinions of experts whose evidence is put forward by the monopolies for the purpose of preventing the establishment of municipal undertakings. At the Portsmouth local Government board enquiry two witnesses were put forward by the National Telephone Company to oppose the granting of borrowing powers to build the plant. These were J. E. Kingsbury, English manager for the Western Electric Company, of Chicago, a "Bell" corporation, and

Herbert Laws Webb, late engineer to the New York Telephone Company (also "Bell"). The following are extracts from their evidence:

Q. In your view, will this business be a financial success?

A. (J. E. Kingsbury): No; I do not see how it can.

Q. Do you think it commercially sound?

A. I think it quite uncommercial.

Q. Are the (proposed) rates remunerative?

A. (H. L. Webb): I do not think that they can possibly be remunerative.

Q. Will the undertaking be a charge on the rates?

A. I think it will be a charge on the rates.

Notwithstanding these gloomy predictions Portsmouth comes out with a surplus such as they did not get on their electric lighting scheme until it had been working several years. The rates charged are, per annum: Unlimited service, \$28.61; measured service, \$17.05 and one cent per outgoing call; or \$12.18 and two cents per outgoing call. The receipts for the year ending March 31st last averaged \$17.54, or, with the post-office royalty deducted, \$15.79 per telephone. The gross revenue was \$29,137, and after paying operating and maintenance expenses, post-office royalty and Government long distance charges the net revenue amounted to \$13,095, or equivalent to a dividend of over nine per cent. on the capital expended, \$141,230. After paying interest and sinking fund a surplus of \$6,136 remained, which has been set aside towards a depreciation fund.

The Swansea municipal exchange has been in operation since August, last year, and, as the report of the year's working is not yet out, it is not possible to give any definite figures, but the management have good reason to anticipate a satisfactory surplus. The rates are the same as at Portsmouth, and the latest available returns show 750 subscribers connected, while 205 additional orders were on the books. The original loan is exhausted, and additional borrowing powers are to be applied for to increase the capacity of the system to 1,500 lines. In connection with this the borough accountant recently prepared a report showing the cost of the present plant for 1,000 lines to be \$98,861, or \$98.86 per subscriber; the first year's revenue to average (including ten per cent. post-office royalty) \$19.50 per telephone; the cost of operation and maintenance, royalties, interest and sinking fund, \$18,316, leaving an estimated surplus of \$1,184. As these figures were based on eight months' actual working, there is no reason to doubt their accuracy.

The Brighton municipal exchange was opened in November last, so there are not yet any accounts available. The rate for unlimited service is \$26.80 per annum; the number of subscribers, 800. The whole of the plant in the town is underground, poles being used only for country services. There has been considerable controversy in regard to the respective merits of the competing services in Brighton. The National Telephone Company has recently installed the latest "central energy" system now in use in the large "Bell" exchanges in the United States and Canada, and the company's officials have frequently asserted that the municipal service was "inferior and