

Mr. Herridge also requested to know what the total accumulated cash reserves were for the past seven years. There have been none. All earned surplus has been re-invested in plant during the said period of seven years.

Mr. MACDONALD (*Vancouver-Kingsway*): I was not sure about the answer in respect of Automatic Electric. Did you say they were owned by a company called Associated Telephone and Telegraph?

Mr. FARRELL: It is owned by Associated Telephone and Telegraph Company and in turn owned by General Telephone Corporation, which is an intermediate company.

Mr. MACDONALD (*Vancouver-Kingsway*): Are your rates controlled by the Board of Transport Commissioners?

Mr. FARRELL: Yes.

Mr. MACDONALD (*Vancouver-Kingsway*): Has the Board of Transport Commissioners any authority over what is charged for installation by Automatic Electric through the supply company?

Mr. FARRELL: Well, the Board of Transport Commissioners in our last rate hearing went very thoroughly and minutely into all details of our operations.

Mr. MACDONALD (*Vancouver-Kingsway*): Has it any control over the cost of the supplies to you?

Mr. FARRELL: We have to prove to them that we buy our supplies as cheaply as anybody else which I believe we did at that time.

Mr. MACDONALD (*Vancouver-Kingsway*): They do not have jurisdiction over the cost of supplies to you?

Mr. FARRELL: Yes. I think they have, because if we are buying supplies at a great deal more than the market they are not going to give us the rates to cover it.

Mr. MACDONALD (*Vancouver-Kingsway*): You say that is a factor which they take into consideration?

Mr. FARRELL: Yes. They go into it in great detail.

Mr. MACDONALD (*Vancouver-Kingsway*): Don't you feel it to be an unhealthy situation that Anglo-Canadian should have effective control of your company and at the same time effective control of the source from which you purchase your supplies and obtain your installation services?

Mr. FARRELL: I am afraid I do not remember just what you said to begin with.

Mr. MACDONALD (*Vancouver-Kingsway*): Do you not consider it to be an unhealthy situation?

Mr. FARRELL: I do not like the word "unhealthy". There has not been anything unhealthy about it. In my opinion the manager and directors of the British Columbia Telephone Company have done a magnificent job in British Columbia and I do not think there is anything unhealthy about it.

Mr. MACDONALD (*Vancouver-Kingsway*): Generally speaking it is not a good situation for the company which has effective control of your company also to have control of your suppliers?

Mr. FARRELL: If there were no control such as that of the Board of Transport Commissioners, then I might agree with you. But there is very effective control through the Board of Transport Commissioners over all these things.

The CHAIRMAN: Are there any other questions?