GAS RATE HEARING IS NEARING CLOSE

Contract Saving Millions for Portland Explained.

6-YEAR PERIOD SPANNED

Anticipated Swift Rise in Crude Oil Is Met by Foresight or "Hunch" of Officials.

How the Portland Gas & Coke company, through the foresight, or "hunch," of its officials, anticipated the swift rise in crude oil, by the impetus of the world war, and made a contract so favorable that millions of dollars were saved to Portland consumers during the last five years, was related by Guy W. Talbot, president of the company, in his testimony before the public service commission yesterday.

In the third day of testimony, statistical and cumbersome, with a bare hope that the hearing will be concluded today, Mr. Talbot was called to the stand to testify concerning the request of his company that gas rates be revised according to a new schedule presented, and in accordance with the present price of oil, or $2.75 per barrel, in contrast with the price the company paid under its expired contract of 74½ cents per barrel.

Examination Is Conducted.

Crude oil, to borrow a phrase from Brigadier-General Disque, lately commanding the spruce division, is "the essence" of the problem that confronts the gas company and thousands of Portland consumers. And, figuratively speaking, President Talbot was plunged into that commodity through the examination conducted by John A. Laing, vice-president and general counsel for the company. In the same line of testimony Mr. Talbot revealed the pressing financial problems that confront the company with the increased fuel cost.

"We had a contest with the Union Oil company," testified Mr. Talbot, "for oil at 73½ cents per barrel when the war opened in 1914 with the Serbian difficulty. I do not pretend to say that we had inside information respecting a probable world war, which did eventuate, but we felt a strong 'hunch' that a world war was approaching. On this belief we opened negotiation with both Union Oil and Standard Oil to secure as long a contract as we could, at as low a price.

"After a month of negotiation we finally closed with the former concern, upon agreement to yield up our old contract, with a year to run, in exchange for a contract covering a six-year period at 74½ cents per barrel. Negotations began with a figure of 85 cents, but the lower rate was finally reached.

Six-Year Contract Compromise.

"We tried to get a ten-year contract, and the six-year contract was a compromise. Standard Oil would offer only a three-year contract."

Mr. Talbot testified at length concerning the steps taken by himself and his company to secure an extension of this favorable contract or to make one advantageous to the Portland public and the company as the contract drew near its close.

"The oil companies had nothing to say, would make no contract and would name no price," testified Mr Talbot, corroborating former testimony of other witnesses to the effect that the best arrangement the Union Oil company would offer was an agreement to buy oil for the gas company in the open market until price conditions became settled.

Finances Are Discussed.

In his testimony regarding the finances of the company, Mr. Talbot stressed the fact that, whereas the former percentage of stockholders was 70 per cent in the east and 30 per cent in Portland, the situation is now exactly reversed, with a majority of stockholders being residents of this city.

"We have bonds which have been authorized against expenditures of $500,000," testified Mr. Talbot, speaking of the disastrous effect that crude oil costs have had upon the company's securities, "which we cannot sell. Our general manager has asked for $1,141,000 for essential improvements during the coming year. This budget I have approved, though, of course, the money is not forthcoming under present conditions. And in addition there are other contemplated expenses under consideration amounting to $765,000. I am leaving for New York the first of the week to make an endeavor to sell our bonds."

Mr. Talbot testified that the company has 1100 stockholders in Portland, all users of gas, and owners of preferred stock to the extent of from one to 10 shares. The stock has paid 7 per cent. In contemplating another stock issue, at 8 per cent, Mr. Talbot said that the company realized that this return would make it attractive to the investor, whereas a 5 per cent issue would be heavily discounted and would not afford the company those funds required to carry on its service extensions and improvements.

"How do you justify the extreme low cost of industrial and house-heating gas?" asked City Attorney LaRoche.

"You must have volume of business in order to keep down operating expense," replied Mr. Talbot.

"It was known to you in the last four months that the price of oil would materially increase?" insisted counsel.

"Yes."

Heating Plants Installed.

"Did your new customers have intimation that the rate probably would increase?" asked Attorney LaRoche.

"Yes, they all knew it," answered Mr. Talbot, "and the fact is that we have installed many heating plants since we made application to this commission."

H. L. Gray, public utility engineer, was on the stand the greater portion of the day, under cross-examination by attorneys representing the city, and by C. B. Green, engineer employed by the public service commission.

"If the increase in oil is fairly prorated to the consumer," said City Attorney La Roche, during the cross-examination of Mr. Gray, "you would have a much lower rate. The increased cost is not fairly expressed."

Mr. Gray replied that the rate analysis and new tariff were designed to render equal charges for increased cost of fuel oil through the various classifications, from the minor quantities consumed, necessarily at a higher rate, to the large amounts utilized by industrial operations. He showed as well that the increased revenues from briquettes, which will retail for an additional $4.70 a ton, owing to fuel oil costs, are credited in the analysis at $55,000, as a deduction from the amount that gas consumers are requested to defray.

Testifying that the increased cost of manufacture will approximate 50 cents for 1000 cubic feet, he added that the ratio of decline in rates, should the new tariff be granted and fuel oil fall, would be 6½ cents for 1000 cubic feet for every 25-cent decline in the cost of a barrel of oil. This differential, he testified, could be adjusted easily through the action of the commission.

Mr. Gray was closely cross-examined by Attorneys LaRoche and Bailey, and by Fred A. Williams, commissioner, respecting both the application of the differential and the method in which enhanced fuel oil costs are passed on to the consumer under the proposed tariff. He agreed with Mr. Williams that the old rate structure, now in effect, is properly proportioned.

Increase Held Proportioned.

"Why change this structure, then?" asked Commissioner Williams, "when two-thirds of the volume of gas is already yielding two-thirds of the revenue? Why not advance the rates by whatever percentage is indicated by the advance in cost?"

"It might be full of gross inequalities," answered the witness, adding that the increase is fully proportioned to the amount of gas consumed under the various classifications.

"I can't see why the industrial company should be increased 33 per cent, while the small consumer is increased 86 per cent," persisted the commissioner.

It was shown by the witness, referring to statistics of production, that the cost of producing 1000 cubic feet of gas, without any other expense reckoned, was 25.6 cents with oil at 74½ cents a barrel; and that with oil at $2.75 a barrel, the present price, the initial production cost per 1000 cubic feet will be 75.1 cents.

At an extra session of the commission, held last night, the hearing was threatened with diplomatic difficulties, when City Attorney LaRoche and Attorney Bailey protested the admission of an exhibit by the company, showing its physical valuation. The latter contended that the exhibit had nothing whatever to do with the rate case, as set forth in the application, and strongly criticised the propriety of its entrance into the records.

Information Is Requested.

Chairman Buchtel reminded Mr. Bailey that he, on behalf of the city, had requested some such information as was set forth in the exhibit, that the commission itself desired such a statement, and ruled it admissible. The chairman also said that the commission's own estimate of the gas company's physical valuation, compiled by engineers and accountants in its employ, would soon be available. Mr. Bailey continued to protest the company's exhibit, claiming that it did not segregate the valuation by communities, as he had requested, to which John A. Laing, general counsel for the company, replied that it was impossible to segregate the affairs of the company by districts, and that an earnest effort had been made to meet both the demands of the city and of the commission.

"When the rates of this company, over a long period of years, have been the lowest in the United States, with the company making no effort to raise them, and when it is now confronted by an emergency in the cost of crude oil, and asks merely for temporary relief, giving assurance that any reduction in the cost off uel will be followed by a corresponding reduction in the price of gas, I do not believe that the good faith of the company should be questioned," said Mr. Laing.

The exhibit showed the book valuation of the gas property to be $13,120,574, with $6,195,590 expended in extensions and improvements since January 10, 1910, when the present company took over the property. The historical cost of the property, that is the cost of construction at wage and material scales prevailing when various units were built, was named as $12,225,762, while the present reproduction cost was placed at $18,862,881.

GAS RATE INCREASE SPREADS

Company Serving Vancouver, Wash., Also Asks Rise.

OLYMPIA, Wash., Dec. 17.—(Special.)—Permission to increase gas rates in the city of Vancouver, Wash., to absorb the 31 cents per thousand advance in wholesale price proposed by the Portland Gas & Coke company, is asked by the Pacific Power & Light company, in filing a new tariff with the public service commission today.

The company purchases its gas from the Portland company and distributes it to consumers in Vancouver. The Portland company has notified the distributing company that it proposes, effective January 1, to increase its wholesale rates to meet the advance in the price of oil from 73½ cents, under its present contract, to $2.75.

The Washington commission denied the application of the distributing company for waiver of the usual statutory notice and the tariff will be considered in regular course. The commission has notified the city of Vancouver of the proposed increase.

Dairymen Plan Improvements.

KELSO, Wash., Dec. 17.—(Special.)—Dairymen of Cowlitz county and officers of the Cowlitz county farm bureau met with County Agent Blanton yesterday to consider ways of improving Cowlitz county dairy herds and dairying methods. The Cowlitz Cow Testing association has been obtaining educational results along that line, and the meeting decided to do everything possible to extend and strengthen that work.

Phone your want ads to The Oregonian. Main 7070. Automatic 560-95.

ACREAGE IN WHEAT REPORTED SMALLER

Planting Materially Under That of Year Ago.

CROP CONDITION BETTER

Output Not Forecast in Department of Agriculture Report; Rye Showing Is Similar.

WASHINGTON, Dec. 17.—Smaller acreages were planted to winter wheat and rye last fall as compared with a year ago, the department of agriculture reported today. The condition December 1 was better than on that date a year ago, but was not as good as the 10-year average condition on that date.

The department did not forecast production. This year's crop of winter wheat amounted to 580,513,000 bushels and the fall acreage reduction would amount to almost 18,500,000 bushels in production based on the 10-year average yield.

Kansas, the leading producer of winter wheat, planted 2 per cent less area than last year, Ohio 9 per cent, Indiana 10 per cent, Illinois 5 per cent and Nebraska 2 per cent.

Texas increased its acreage 40 per cent and Washington 7 per cent.

The area sown to winter wheat last fall is 40,605,000 acres, which is 2.8 per cent less than the revised area sown the preceding fall. The condition of the crop on December 1 was 87.9 per cent of normal, compared with 85.2 a year ago, 98.5 on December 1, 1918, and 88.4 the 10-year average on that date.

The area sown to rye is 4,653,000 acres, 11.4 per cent less than the revised area sown in the fall of last year.

The condition of rye on December 1 was 90.5 per cent of normal, compared with 89.8 a year ago, 89.0 on December 1, 1918, and 91.2, the ten-year average on December 1.

The acreage and condition of winter wheat in the principal producing states follow:

Illinois—2,470,000 and 86.
Missouri—2,820,000 and 90.
Nebraska—3,301,000 and 90.
Oklahoma—3,100,000 and 86.
Kansas—10,343,000 and 89.
Texas—1,834,000 and 89.
Washington—1,107,000 and 97.

WASHINGTON AREA INCREASED

Gain of Seven Per Cent in Wheat Planting Reported.

SPOKANE, Wash., Dec. 17.—Winter wheat acreage sown in Washington this fall totals 1,107,000, an increase of 7 per cent over the seeding last year and is the largest since 1914, when 1,156,000 acres were planted to winter wheat, according to a report made public here today by G. S. Ray of the federal bureau of crop estimates. The condition of the crop December 1 was 97 per cent normal, as compared with 84 per cent on December 1, 1919, and 89 per cent, the ten-year average on December 1.

Conditions were very favorable for winter wheat in most of the counties in central and eastern Washington this season, the report says. With the exception of a few localities in the Big Bend district, moisture conditions were very satisfactory. Rains continued throughout the fall and the comparatively warm weather enabled all but the latest sown wheat to establish a good root system with which to enter the winter.

Winter wheat in the irrigated valleys also is in good condition, Mr. Ray's report declared. The irrigated winter wheat acreage is very small, however, as compared with the spring wheat acreage grown under irrigation.

Western Washington, Mr. Ray said in his report, experienced a very wet fall and wheat seeding was seriously delayed in that district.

The rye crop of the state December 1 was 98 per cent normal. Acreage sown totaled 43,000, a 10 per cent increase over the planting last year.

Thief Overlooks Nothing.

The thief who entered John Rubley's room at 429 Main street some time yesterday overlooked no bets. After pocketing a safety razor and $2 in small change from the dresser, he broke into the prepay gas meter and took $1.75 from the company. Rubley reported to the police that the room had been entered with a pass key.

Starrett Funeral Today.

Funeral services of Mrs. Helen E. Starrett, who died at her home, 720 Sherwood drive, December 16, will be held at the First Presbyterian church at 1:30 this afternoon. Rev. Harold L. Bowman will conduct the services.

ORPHEUM HAS NEW SHOW

EMILY WELLMAN, ACTRESS-PRODUCER, HEADLINER.

"The Actor's Wife," 10-Scene Playlet and Latest Novelty, to Open at Heilig Tomorrow.

An Orpheum show that is just as promising as any other this season for comedy, artistry and novelty will open at the Heilig theater tomorrow afternoon. This show will be in Portland for only three nights—Sunday, Monday and Tuesday—and four matinees—Sunday, Monday, Tuesday and Wednesday. Occupancy of the theater Wednesday night by another attraction compels closing of this Orpheum show with the performance Wednesday afternoon.

Emily Ann Wellman, who is celebrated not only as an actress but as a producer, is the headliner of the new show. Miss Wellman is offering her latest novelty, "The Actor's Wife," a ten-scene playlet in which she is supported by Richard Gordon and company. Miss Wellman has revolutionized many traditionary stage methods and in "The Actor's Wife" shows new "tricks" which amazed New York's blase Broadway. She contends that scenery is secondary in dramatic art and in her latest vehicle the action requires ten changes of setting. Every change is made in a twinkling.

Owen McGiveney, famous protean actor, is the extra attraction of the show. Mr. McGiveney, alone, presents an episode from Dickens called "Bill Sikes," in which he takes every role and sustains the lively action without the slightest wait.

Comedy prevails in the other five acts of the show.

Anti-Fly Campaign Urged.

VANCOUVER, Wash., Dec. 17.—(Special.)—A campaign to swat the fly between now and New Year's is being waged by Dr. J. M. P. Chalmers, city and county health officer. He is having placards posted asking everyone to kill all the flies they can at this season of the year, when they hibernate. They should be killed now, it is said, for if they are not they will blossom out around Easter and begin to multiply by billions.

Gong Sounds, Burglar Flees.

The maid at the home of B. F. Stephens, 800 Northrup street, locked the house and set the burglar alarm about dark last night. She then went upstairs, to be startled almost immediately by the clamor of the gong. A neighbor telephoned for the police, who found that two rear doors had been opened. Nothing was taken from the house. The Stephens family is out of town.