

SAYING IS CREDITED
TO PARENT COMPANY

Chief Plant Engineer Testifies on Phones.

VALUES ARE ANALYZED

Maps Showing Fundamental Plans and Drawings on Cables in Portland Presented.

SALEM, Or., Aug. 23.—(Special.)—While the Oregon division of the Pacific Telephone & Telegraph company paid the American Telephone & Telegraph company \$175,541.47 for "services" in 1920, savings amounting to \$234,400 were effected through the use of just six items in the long list of services furnished by the parent company, according to testimony given by Clarence E. Fleager, chief plant engineer of the Pacific company.

In a study made and presented to the commission by Engineer Fleager, a complete analysis was made of the value to the Pacific company of the many services rendered to it by the parent company, for which the Pacific company pays a total of 4 1/2 per cent of its gross receipts. These services, according to this exhibit, include the rental of transmitters, receivers and induction coils, use of many patents, engineering advice, legal assistance, loan of funds, accounting services and operating aid.

Loans at Low Rate Reported. The witness maintained that under this contract with the parent company the Pacific company was enabled to borrow funds at 6 per cent interest when it was impossible to obtain money in the open market for less than 7 1/2 per cent. This assistance, he said, was of sufficient value to the Pacific company and the telephone subscribers to justify the 4 1/2 per cent contract something to value rather than to depreciate.

Mr. Fleager selected six items to demonstrate his point. In the first place, he said that the use of American company's patents on loading coils enabled the Pacific company to save an additional investment in Oregon aggregating over \$40,000 and in addition effect a minimum annual expense of \$19,000.

\$10,000 Savings Is Cited. The use of the American company's patents on duplex cables, he said, enabled the Pacific company to provide present facilities in Oregon at a saving of approximately \$10,000 in investment and an additional annual saving in expense of \$17,000 in this state.

The use of the telephone repeater, developed by the general staff of the American company, Mr. Fleager said, was one of the large items of saving to the Pacific company. This device, which he said was used under the 4 1/2 per cent contract, has enabled his company to provide facilities for long distance service in Oregon at a saving of millions of dollars in first cost and an annual saving in maintenance of \$47,000.

Insurance Saving Alleged. The reduction in fire insurance premiums gained through the centralized agency plan, he said, saved the associated companies by the American company, saves \$1900 a year for the Oregon division of the Pacific company, according to the witness.

The use of the phantom circuit as developed by the parent company saved the Pacific company more than \$40,000 in Oregon in first costs and represents an annual saving of \$105,000. The use of the American company's transmitters and induction coils has saved the Pacific company an investment of \$356,000 in Oregon and an annual expense in the state of \$63,700.

The valuation of the Pacific company's properties in Oregon have increased from \$12,429,000 as set forth in the decision of the public service commission in 1918 to \$17,533,494 as estimated for the present year, according to the witness.

Additions Are Valued. The net additions to the plant, according to the witness, are as follows: 1917, \$483,502; 1918, \$323,157; 1919, \$1,933,328; 1920, \$1,114,000. Estimated to April 1, 1921, \$485,357; estimated to December 31, 1921, \$643,643, which brings the rate base to \$17,533,494 compared to the 1921 rate base of \$16,555,494 as computed by the public service commission.

The valuation of the company's properties in Portland have increased, according to the witness, from \$7,356,910, as fixed by the commission in 1918, to \$11,030,753, including estimates of additions for the last eight months of this year. The actual net additions to the Portland plant were \$252,272 in 1917, \$190,985 in 1918, \$1,576,506 in 1919, \$713,748 in 1920, \$378,739 during the first four months of 1921, and \$521,251 as estimated for the last eight months of the year, bringing the total rate base to \$11,030,753, as compared with the 1921 valuation as fixed by the commission of \$10,580,759.

Arieta Equipment Cited. The commission was told that the equipment installed in the Arieta station was a part of that purchased by the Pacific company from the Illinois Tunnel company. He explained that after this equipment had been purchased it was sent to the shops of the Western Electric company and rebuilt and that when it was installed in Portland was practically as good as new.

The total cost of the Arieta equipment, including both the purchase price and the cost of rebuilding was \$107,000, he testified. The purchase of the Arieta equipment and other similar equipment used elsewhere in the Pacific company represented an economy of \$450,000, according to the witness.

Maps showing fundamental plans drawn by engineers of the American company and drawings showing the lay of cables in Portland and other Oregon towns were introduced by Mr. Fleager prior to the time that he was turned over to E. M. Cousin for cross-examination.

Witness Is Cross-Examined. Under cross-examination by Mr. Cousin, the witness stated that a total of \$1,520,100.50 had been included in the Portland rate base as a result of the purchase of the Home Telephone company plant in Portland.

Mr. Fleager said that the cost of such part of the plant that could be used was included in the rate base. The appraisal of the cost of the home plant in Portland and other cities in Oregon was made by the witness himself, according to his testimony.

In compiling the additions to the plant, Mr. Fleager said he did not include the cost of instruments owned by the American company, although the cost of such instruments

was included in the rate base as fixed by the commission December 1, 1918.

Prior to the present rate increase the revenues of the Pacific company in Oregon were not sufficient to meet its proportion of the dividend payments and interest on bonds, according to the witness. Mr. Cousin sought to know how Oregon's proportion was paid.

The witness said that it was paid out of the revenues derived by the company in other states. Then it is just a matter of book-keeping," suggested Cousin.

"Yes, of course," the witness replied. "But don't forget that the mere matter of book-keeping involves the record of mere facts."

During the last few years, the Pacific company has borrowed more than \$13,000,000 from the American company on one-day notes, according to the witness. The last loan was executed in June of this year and was for \$1,500,000.

Operations Held Loose. For more than thirty minutes Mr. Cousin endeavored to show that this financial arrangement tended to show that the Pacific company was operated loosely and with no concern, on the part of its officials, as to the actual financial condition of the company.

The witness held that such was not the case, but that the majority stockholders, which is the parent company, did not want to see the Pacific company "go on the rocks" and for that reason loaned money, despite the fact that the financial condition of the company does not warrant such loans at this time. He also stoutly denied that loose management was the cause of the present financial conditions.

"And so you don't think that the officials of the Pacific company are careless about its financial condition," said. "Don't you think that finances, under the arrangement with the American company is the least of the worries of the officials?"

Mr. McNary Makes Objection. "Mr. chairman," shouted Attorney McNary, rising to his feet at this point. "The witness has consumed six weeks of time, has cost the state of Oregon a large sum of money and has exhausted the patience of the commission. The greater portion of this time has been consumed by Mr. Cousin, who has asked countless point-by-point questions, illuminating nothing but the ignorance of the interrogator. In order to insure that this hearing will come to a close, I ask you, Mr. Chairman, has not the time arrived when the cross-examination in this case is limited to reasonable bounds and confined to some within the scope of the direct question?"

Before the commission could rule on the question, Mr. Cousin agreed to adopt a new line of questioning. He quickly asked the witness to take his cross-examination of the witness now on the stand, Assistant City Attorney McNary took the witness. The examination will conclude the company's case and all that will follow in the present rehearing will be rebuttal of evidence presented by the company, conducted by two witnesses of the city of Portland.

IDAHO NAMES DELEGATES

Governor Appoints 4 to Represent State at School Conference.

BOISE, Idaho, Aug. 23.—(Special.)—Governor Davis announced today his appointments to the Idaho delegation to the 18th annual session of the national conference of education of truant, backward, dependent and delinquent children, which is to be held October 26, 27, 28 at Jacksonville, Fla.

The appointees were W. D. Vincent, superintendent of the industrial training school at St. Anthony; John R. O'Connell, director of the state school for the blind; and Miss Wood, probation officer of Boundary county, and Miss Gretchen Green, city welfare director of Boise.

TIMBER DEAL CONFIRMED

(Continued From First Page.) The lumber industry was at one time president of the Southern Pine association. The coming of his company to Oregon to engage in the lumber industry is hailed as a fitting indication of a revival in the business.

Bridges Residence Sold.

ABERDEEN, Wash., Aug. 23.—(Special.)—Sale of the residence and property belonging to Judge J. B. Bridges of North Broadway to Leo Rowland of North River has been announced. The property includes three lots, a residence with garage. The consideration was \$10,000. Mr. and Mrs. G. P. Halferty, of Seattle, are the buyers.

Gambling Barred at Fair.

ABERDEEN, Wash., Aug. 23.—(Special.)—Announcement is made by the management of the Grays Harbor county fair, which will run through next week, that gambling devices of all kinds will be barred this year. The effort will be to make it a clean exhibition and amusement affair, which shall not be marred by the loss of any honest Grays Harbor coin to sharpers.

Catholic Youth in Convention.

OAKLAND, Cal., Aug. 23.—The president's report, containing special recommendations and suggestions, was read and adopted by the delegates to the 37th annual convention of the Young Men's Institute, in session here today. The report recommended the building of a clubhouse for the organization here and in other cities and closer cooperation with the national welfare Catholic council.

Hospital Conditions Exaggerated.

WASHINGTON, Aug. 23.—Reports of conditions at the Johnson City, Tenn., sanatorium for disabled war veterans in many instances have been "grossly exaggerated," Charles M. Pearson, inspector general for the national home for disabled soldiers, has reported to the board of managers under whose auspices the sanatorium is operated.

S. & H. Green Stamps for Cash.

Holman Fuel Co., coal and wood. Main 355; 566-21.—Adv.

Witness Is Cross-Examined. Under cross-examination by Mr. Cousin, the witness stated that a total of \$1,520,100.50 had been included in the Portland rate base as a result of the purchase of the Home Telephone company plant in Portland.

BUFFALO PASSES
TRADE PARALYSIS

Great Industrial Center Reflects Improvement.

GRAIN MARKETS STEADY

Richard Spillane Finds Lumber Activity Hampered by Falling Off in Box Making.

(Continued From First Page.)

try was that there were too many large inventories. The ex-President of the Chamber of Commerce-Conditions were very much mixed. Some were disgusting and others reassuring. Savings bank deposits declined \$1,900,000 in July. Evidence of forced retrenchment by the bulk of the people were many. While there was some home building, it was a fact that not a few families that formerly occupied the whole floor of an apartment house now found half the floor sufficient and the other half was rented to another family.

Industrial Outlook Varies. In office structures some men who need to have stenographers now had one on half time, the other half of the stenographers' time being taken by someone else in the building.

The chemical trade was flat. The movement of anthracite to Buffalo and Great Lakes points was only 50 per cent of normal. Some departments of real estate were extremely active, particularly business property.

There was a decided set-back to the farm movement. A few years ago the abandoned farm was conspicuous to western New York. Today it is not.

Some steel companies reported dullness; others the opposite. The Crucible steel was quite optimistic. It was the same in other lines. The building of the new Statler hotel was an encouraging sign. That now on the stand, Assistant City Attorney McNary took the witness.

The foundations now are being put in and the work will proceed rapidly. The house would be designed to accommodate 1300 guests, with provision made for enlarging the structure. That work would go on steadily until completion.

Tire Factory Makes Yarns.

The Dunlop tire man—his company has a plant on the Niagara riverfront with 29 acres of floor space laid out on a different plan from any other in the country. Nearly all of it is first-floor space. The situation is ideal. There is plenty of cold water near by. Cold water is a necessity in the process of tire making. The chief power is hydro-electric. It was the original purpose to build a large cotton mill for manufacturing fabric for tires. This was changed and a hosiery mill of 30,000 spindle capacity was bought in Utica with the intention of transforming it from hosiery to tire fabric. A portion of the Dunlop fabric will be made there, but temporarily it is making yarns and now it is working day and night. Its salesmen report a better business feeling "on the road."

The Dunlop people are delighted with Buffalo. They think it has only started to grow. It has an immense diversity of industries. It didn't feel the slump until long after the other sections had been affected. Housing is good and cheap. The labor market is satisfactory.

Labor Trouble Is Bridged. There had been labor trouble for a time in connection with building the Niagara plant. Bricklayers wanted a limit of 600 bricks a day the man. A good foreman got it up to 1100. Before the war it was 2000.

The Dunlop people expect to be in production by January 1. They will start within the next six weeks, but the start of course will be from zero. They are testing now in a limited way.

The whole tire business has been through a most unusual season. Vulcanizing shops around the country have been extraordinarily busy. Tire dealers had been very heavily stocked before the slump. They expected the heavy demand to continue. The wave

Ferryboat Sinks, 15 Drowned.

SANTIAGO, Chile, Aug. 23.—Fifteen persons were drowned when a ferryboat sank in the Castrin river at Pemuco City, 80 miles northeast of Valdivia, today.



Hazelwood Restaurants

Where food of the highest quality is tastefully prepared and served amid pleasant, homelike surroundings.

Iced Cantaloupe...15c and 30c
Iced Watermelon.....20c
Iced Casaba Melon.....20c
Hazelwood Crab Louis.....25c-50c
Half Spring Chicken, baked, natural.....75c
New Sweet Potatoes, browned in butter.....25c
Corn on Cob.....15c
Hothouse Tomatoes, stuffed with crab.....45c
Filet Mignon Hazelwood.....75c
Veal T-Bone, Hunter style.....50c
Hazelwood Special Sirloin.....85c
Blackberries and Cream.....25c
Fresh Fruit Pies.....15c
Hazelwood French Pastry.....15c

THE Hazelwood CONFECTIONERY & RESTAURANT
388 Washington St.
127 Broadway

of economy forced hundreds of them to dispose of their stocks as best they could, for their market dropped to stagnation. Then the cord tire became popular. The winter was so mild that the automobile was used more than usual. The summer has been fairly warm and that put the old tires out of business. All this means automobilists have been using their cars fully and freely, but doesn't mean that the dealer is carrying big stocks. Some are working on the hand-to-mouth basis. Some times they are caught without tires and when they get an order have to rush to the branch office of a tire company to obtain them.

Automobile on Firm Basis. The automobile is on a firmer and better basis. So is the tire business. The automobilist has been taught to know the good tire and its virtue. He has more knowledge of how to use, or rather not misuse tires. He brags now about how many miles he gets out of his tires, as he formerly did of how many miles he got out of a gallon of gasoline. American roads are better than they used to be so good that there is no necessity for the terrifically high-powered car.

By January the Dunlop plant probably will be employing 2000 or 3500 men. How many more it will have later depends on demand. Some Akron plants make from 12,000 to 15,000 tires a day when in full production. There has been a great improvement in labor. It used to be figured one man to one tire. Now it is one man to one and a half and in some instances one man to two tires. That means from 50 to 100 per cent increased efficiency in labor.

It bulks big in iron and steel, in foundry and machine-shop products, in automobile bodies and parts and in flour and grist mills. It has the cheapest power in the state by reason of the harnessing of Niagara Falls. It is ripe for business if revival of business is near.

Ferryboat Sinks, 15 Drowned. SANTIAGO, Chile, Aug. 23.—Fifteen persons were drowned when a ferryboat sank in the Castrin river at Pemuco City, 80 miles northeast of Valdivia, today.

Sale of Wool Blankets

Continues

\$6.50 to \$29.50

Second Floor.

Lipman Wolfe & Co.

Merchandise of Merit Only

Just Created! A World of Wonderful Tailored Hats

First Arrival of Fashion-Knit Ties for Men at the New Lower Prices

\$2 to \$4

—And not only are the prices lower, but here are new and, if possible, more beautiful effects than even Franklin has heretofore produced in his Fashion-Knit.

—The gorgeous color tones of autumn and the rich black that is so fashionable this season are at the height of their beauty in the Fashion-Knit weaves.

—You will admire and wear them with rare pleasure. See this new display.

Just Out of the Custom House Men's Wool Golf Hose From the Home of Golf

—Famed Scotland has surpassed herself in the quality and smart color combinations of these hose at \$6.00 to \$9.50. In plaids, heathers and novelty two-tone effects.

—Garters to wear under cuff, \$1.50.

Just Inside Washington Street Entrance—Lipman, Wolfe & Co.

Here Are Five Reasons Why We Believe Every Woman Will Want Some of These Full-Fashioned Ingrain Silk Hose Special \$3.25

—1. They are every thread pure silk. 2. In the newest shade of cordovan. 3. Medium weight; will wear splendidly. 4. Full-fashioned to fit perfectly. 5. The price is exceptional, due to a special purchase, which we obtained at a heavy discount.

Street Floor—Lipman, Wolfe & Co.

This Store Uses No Comparative Prices—They Are Misleading and Often Untrue

Sale of Mendel

Wardrobe Trunks

at \$42.50 Continues

Fifth Floor.

—The chic of the new shapes, the quality of the high-luster haters plush, duvety and zibeline and the smartness of the beaver, leather and velvet facings that are used in many models, all combine to produce a bewilderingly varied array of hats with strictly tailored trimmings.

Here at \$4, \$5, \$6.50, \$10.00, \$12.50, \$13.50

—Some are made entirely of one material; others have facing of a different fabric in self or contrasting colors. The straight and roll brims are wide, medium and narrow; there's a hat for every face and price are the lowest in years for these fine qualities.

—Choose from black, brown, navy and purple in solid colors and others with facings in white, tangerine, sand, red and royal blue.

Third Floor—Lipman, Wolfe & Co.

Actual reproductions.

—We're both all-wool and 54 inches wide," say these new coatings, but modestly forbids them to state how really beautiful they are in the leading shades of Sorrento, Seal Brown, Beaver, Navy, Taupe, Malay, Sphinx. Among the great showing of rich wool materials for fall are even more beautiful things than you have imagined. And the prices are far under your expectations, especially in the case of these fine coatings at \$6.00.

Second Floor—Lipman, Wolfe & Co.

A Girdle of Three-fold Usefulness

—A splendid elastic, form-fitting girdle, designed for comfort and indispensable for those who do not wear corsets.

—Equipped with removable sanitary belt tabs and with garters of a standard make—\$1.65.

Notion Department—Lipman, Wolfe & Co.

Deferred Dividend Declared.

NEW YORK, Aug. 23.—The Coca Cola company today declared its regular semi-annual dividend of \$3.50 per share.

Deferred stock. This dividend was deferred in June.

Seattle Man Heads Chiropactors.

DAVENPORT, Ia., Aug. 23.—E. Roger Dunham of Seattle, Wash., to be elected president of the Universal Chiropactors' association. More than 8000 persons registered at the organization's convention and homecoming this week.

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