

Commission Report Gives Power Setup

(Note: The following article is a resume of the Oregon Hydroelectric Commission's report of May 16, 1935, on advisability of forming the seven-county district.)

(By Ed O'Meara)

Oregon's Hydroelectric Commission held hearings in each of the seven counties involved in formation of the proposed Northwest Oregon Bonneville People's Utility district and concluded them early in 1935. Nearly two years ago, in May, 1933, the commission issued its final report on the advisability of creating the district. Voters of the seven counties are now preparing to vote on the question on April 8.

In making the report, the commission stated that it was "to present to the people of this proposed district some idea of the conditions existing in the territory with respect to electrical service and costs thereof, and also the present status of construction costs and annual costs should the district be created and proceed to construct and operate a complete distribution system."

Companies Serve
"Present electrical service in this district is now being furnished by ten privately owned and one municipally owned system, which, within the district, are the owners of 1,621 miles of primary rural lines and 315 miles of lines operating at 11,000 volts or over. Served within the district are 19,981 urban and 18,395 rural customers, including all classes of service and using about 151,247 kilowatt hours in 1933. At that time, average rates were: residences, 4.07 cents; commercial service, 3.81; industrial service, 0.64; and municipal services, 4.16.

Total area of all seven counties is 6,513 square miles. The commission's report indicated that only 2,427 square miles, or about 37 per cent of the total area of the counties, is to be included in the district. This included territory, however, is by far the most populous, with 143,984, or over 86 per cent, of the 166,898 people listed as living in the seven counties by the 1920 census. Assessed valuation of the area within district limits is \$97,316,353, with Washington county's \$16,403,906 valuation second highest.

Two Projects Offered
In forming the report, the commission worked on the assumption that the district would erect its own transmission lines, estimating cost of building under Project "A," which would consist of utility companies in municipalities and 2,855 miles of rural lines (1,234 miles more than present 1,621), at \$6,001,000. It would serve that part of the district now served and would make service available to 3,391 rural customers who are not now within reach of existing lines. Estimated cost of a larger project, designated as Project "B," to serve all possible customers within the district by building 472 miles more than provided in Project "A," is \$6,428,000.

In all probability, if the district were formed, existing power lines could be taken over either through arrangement with present companies or through condemnation proceedings. However, one hitch arises by virtue of the fact that generation, transmission and distribution facilities in the district are not confined within the limits set by the district sponsors. Much of the investment of these companies is in generating stations and transmission lines which would not be required by the district. Thus, severance charges would be required to take over existing facilities. Total costs would probably be in the neighborhood of \$10,000,000. The estimated revenue would be much less than herein estimated.

The estimate of construction cost, supposed that work would be done by the district, with its own employees and under direction of its

own engineers. No allowance was made for contractor's profits or rights of way. Estimate of annual cost makes small allowance for directors' salaries on the premise that little or no charge should be made for their services at least until such time as operation of a utility is under way and shows sufficient income to justify salaries. The presumption would be, then, that the district would be operated as a non-profit affair to everyone, at least at the start, with the board of directors contributing services.

Set up described in the report indicates that if the district could secure its distribution system of proper quality at \$6,001,000, it could extend service to a considerable part of territory not served at present. The project does not, however, hold forth any prospect for any rate reduction until the amount of electrical energy consumed is substantially increased or until the indebtedness is retired. An increase in use would offer an opportunity for reduction in cost per kilowatt hours to consumers. "It should be considered," the report states, "that a part of the amount paid in by the consumers would be going toward debt retirement and eventually the project would be debt free and rates could be lowered." This state would probably not be reached until the end of the 30-year amortization period.

Taxes Cause Deficit
In the case of Project "A," which would serve municipalities and that part of rural territory where five or more potential customers per mile might be reached, the margin of surplus if no taxes are paid is set at \$157,413 annually for the first four years when interest would be payable on indebtedness. If taxes are paid, these figures would be reduced about \$170,000 each year, showing an annual deficit of \$12,729 for the first four years and \$130,134 for the next 26. The 30-year deficit would then total \$3,834,400. For Project "B," assuming no taxes paid by the district, annual surplus would be \$129,061 for the first four years and \$3,343 thereafter. But if taxes are paid, these figures change to show a \$49,704 deficit at the outset and \$175,422 for the last 26 years, totaling \$4,759,788 for the whole period.

These figures are given with the lowered schedule of taxation on the districts, figured at present millage rates. At present, real and personal property taxes payable by electric utility companies in the district amount to \$484,279 annually, which is over two and a half times what the district tax would be.

Present Lines Disregarded
Estimates of annual revenue are based upon amounts paid in 1933 for electrical service. Estimated annual costs, however, are based upon the hypothetical set up which disregards existence of present electrical facilities. These costs include amortization of indebtedness during a period of 26 years beginning with the fifth year, with depreciation at three per cent. "In theory," the commission report stated, "assuming that estimated costs of operation and maintenance of the system are adequate to keep it in good working condition, the amount set aside for depreciation would accumulate a fund sufficient to rebuild the entire system in about 20 years. To practice this depreciation reserve will be invaluable as a fund from which to draw for extensions of the system and unforeseen emergencies thereby making it unnecessary to issue new evidences of indebtedness from time to time." In the event no extensions of the system were made, it is not anticipated that this depreciation reserve would be allowed to accumulate at the three per cent rate throughout the entire useful life of the system.

In conclusion, the report declared: "The decision of the people on the matter of whether or not the district shall be formed is not necessarily the final decision. The creation of the district does not of itself, embark the people on a program of ownership and operation of a power project. If an election is held on the question of forming a district and election of directors thereof, no bond issue or question of policy in the matter of acquisition or construction of an electrical distribution system will be involved in such election. Should the district be created, an organization should be available for making a complete investigation of the possibilities of acquiring electrical facilities. This report is here presented for the consideration of

Seeks Nomination



George F. Biersdorf of Cornelius filed recently for the democratic nomination for county commissioner.

those interested. The decision as to whether or not the district shall be formed must be made by the people of the territory."

Nipponese Danger Declared Distant

(Continued from page 1)

the island territory to conduct its successful campaign for independence. On July 4, 1946, the islands will become a separate nation, unless something intervenes to demand continued United States supervision there. Increasing Filipino immigration to the United States, competition of their cocoa products with our dairy and conflict of their sugar industry with that of Cuba contributed to the drive for independence, with many on the outside assisting as much as possible.

"White elephant" was the term Hammond applied to the Philippines, declaring that the United States has poured millions of dollars there and gained nothing but grief. Granting of complete independence there would be a benefit to the United States and a loss for the islands, he asserted. America, ridding itself of a burden which requires constant attention and expense, while the Philippines will be losing custom-free exporting to the United States, protection of the U. S. fleet and the power to compete on a level equal with other countries as at present. Writing a series of articles several years ago, after having returned from the islands, Hammond predicted that the Philippines would eventually request a dominion status. Recently he noted agitation in this direction, which would "give them power to do as they please, while the U. S. would be holding the sack."

Anderson to Appear
"We couldn't possibly protect the Philippines from Japan in case of a war," the ex-Philippine official said. "I don't think we'd even try. They would be more of a hindrance than a help, because most of our Pacific fleet would be required to do the job, leaving the Pacific coast open to attack. Our Asiatic fleet would be worth nothing from a military viewpoint there, since most of the boats are too small, and are used now mainly for observation and patrol duty."

Hammond was introduced at the chamber session by Herbert L. MacKenzie. Finis Brown announced the annual Laurel-Hillsboro dinner for Thursday, April 21, at the Laurel community hall. Introduced as new members of the chamber of commerce were W. A. Campbell of the Signal Oil company and Hugh Rogers.

Dr. Elam J. Anderson, president of Linfield college, who made a tour of the orient last summer just prior to the outbreak of the present undeclared war, will be next Monday's speaker, talking on various aspects of the Chinese-Japanese situation. William J. Mazzocco, who returned last month from an extended round-the-world trip, will speak at a noon luncheon meeting on April 11, giving views of life in dictator-ruled countries. Due to another special meeting on April 11, the usual monthly night-meeting has been postponed one week, it was announced.

President Paul Patterson announced that the district shall be formed is not necessarily the final decision.

Mrs. Christensen P.T. A. President

MASON HILL—Newly organized P.T.A. in this district will meet at the school house the second Wednesday of the month at 3:30 p. m., the first regular meeting to be April 12. Mrs. Victor Christensen was elected president and Mrs. Fred Kinney, secretary-treasurer.

Mrs. Frank Pointer visited her daughter in Portland from Tuesday until Saturday last week.

Miss Vivian Weisenbach has returned to Hillsboro high school after having missed a couple of weeks of school on account of serious ear trouble.

Mrs. John Kinsey and baby Gary departed last week for Pensacola, Fla., to join Mr. Kinsey, who is stationed there at the U. S. N. aviation school.

Lincoln Captures Honors
Lincoln-Zephyr captured first honors in class one of the annual Gilmore-Yosemite economy run, establishing an economy record of 23.47 miles per gallon for a 12-cylinder car, according to H. L. MacKenzie, local dealer. The Lincoln showed higher mileage than 15 other entries in the field of 26 cars competing in all three classes of the 314-mile run from Los Angeles to the famous Yosemite valley.

announced that proponents of the public power district had been offered use of the chamber rooms for a public meeting if they so desired, but that since no open date remained before the election, they would not be able to present a regular luncheon program.

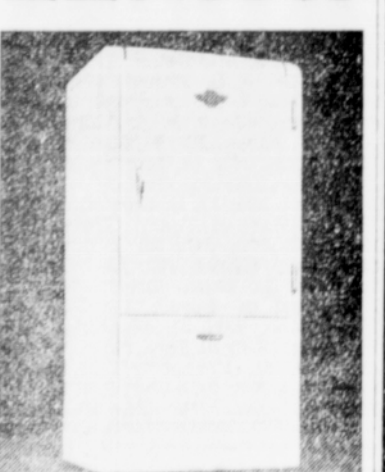
WHEN ENDS THIS AGE?

When will Christ return to earth to outlast war? The Bible knows. Turn to Joppa where the Apostle Peter is guest of Simon the tanner. You hear Peter come down. Men here to see you." Out comes Peter to find three waiting to escort him to the headquarters of the Roman army. On arrival, he finds the Captain and household with close friends waiting his coming. Cornelius now explains. While in prayer, an angel in a vision told him to send to Joppa for Peter who would tell him what he ought to do. So you have a Roman army officer, man of prayer and hungry for more than this old world could give. First, Peter reminds them that it is not lawful for Jew to have fellowship with a non-Jew, but that while he also was in prayer he was directed to wipe out the line between Jew and Gentile. Peter then begins and preaches the Gospel of Jesus Christ to the very midst of it the thing took place that the eternities had been longing to see. The Holy Spirit came upon Cornelius and company as upon the Apostles some months before. Cornelius and all spoke in other tongues, of the marvelous works of God. The whole world could have heard each in his own mother tongue. At this Peter gave them Christian baptism.

When the matter reached Jerusalem, Peter was called to account. Why had he offered Christ to non-Jews? Peter tells all. A Second Pentecost it was. "Since God gave them the same gift as to us when we became believers, who was I that I should withstand God?" Now hear the chorus—"Then to the Gentiles, hath God granted repentance unto life." Here James the local church-head sums it up—God has opened the doors to the nations. TO TAKE OUT OF THEM A PEOPLE FOR HIS NAME. And after this—the roll-call of the saved is completed—I will return, says the Lord and rebuild the throne of David which is fallen down. So when does Christ return? When the roll-call of the saved is completed. Then what follows? Christ sets up his throne as the Son of David and rules earth that promised THOUSAND YEARS.

God wants you on the roll of the saved. Now is the day of salvation. Whosoever will may come. Just as I am without one plea; but thy blood was shed for me; and thou biddst me come to Thee; O Lamb of God, I come—George N. Taylor, Beaverton—Paid adv.

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ATTENTION!!

To the Voters of the City of Hillsboro as well as to the Voters of Washington County:

If the voters of the City of Hillsboro should vote against the proposal to organize a seven-county utility district at the coming special election, we can thereafter if we so desire form our own district, operate, manage and control the same with our own people and keep all earnings at home to be used to further reduce the rates. The same rule will apply to Washington County as a unit should the county vote to remain out of the district.

Why should we elect five men wholly without experience in the construction, management and operation of a \$6,000,000.00 light and power plant? With how many of the candidates are we personally acquainted, or would recognize if we met them on the street? Why should we, in the City of Hillsboro, as a unit, or in Washington County, as a unit, employ strangers, some of whom live at a great distance, to manage our business affairs for us?

Why was a special election called for April 8th, at an estimated expense of \$2,000.00 to the taxpayers of Washington County, when the same election could have been held with no additional cost with the primary election of May 20th? The reason for calling a special election has been explained thus: "We are doing the same as the private power companies. They always have a special election when they want to put something over on the public, and always win out." (See Hillsboro Argus, March 17, sec. 2, p. 5)

The board of directors can borrow money and issue warrants, notes or contracts in unlimited amounts—the sky is the limit—by securing the approval of the Hydroelectric Commission of the State of Oregon, a politically appointed commission. Nowhere in the laws of Oregon can there be found a law where it is provided that a politically appointed board or commission can obligate the taxpayers without their approval to such an extent as is found in the present people's utility law.

Why should not the taxpayers have the right to decide for themselves as to the amount of indebtedness they wish to incur; or, in other words, why not secure the approval of the people who pay the taxes rather than a politically appointed commission?

The City of Hillsboro, the County of Washington and all other municipalities in the territory are required under the present state law to publish a budget in which is to be set forth in detail all items of expenditure and the purpose for which the expenditures are to be made. All budgets are published prior to the levying of a tax. A day is fixed for the hearing of the budget and all taxpayers have the right to attend the budget meeting and express themselves as to whether or not they desire to authorize the expenditures therein set up.

In the people's utility district law there is no provision for a budget. The board of directors are not required to advise the taxpayers in advance of the amount of money they desire to raise or the purpose for which the money is to be expended.

The assessed valuation of the City of Hillsboro and the number of consumers of electric light and power therein are greater than in any like territory in the entire district. Likewise, the assessed valuation of Washington County and the number of consumers of electric light and power therein are greater than in any county in the entire district, except Clackamas County. Why should we lose our advantage of greater valuation and number of consumers to unite with a district with disconnected territory which is costly to serve and with a lesser income per mile of line?

There is positively no provision in the law by which we can vote ourselves out of the district once we are voted in. Therefore, since we are not in a position to determine the cost of electric service either at the switchboard at Bonneville or the cost of the distribution thereof to the user, since we cannot get out of the district once we have voted ourselves in, since most of the board of directors are strangers to us and live at a great distance and have had no experience, since there is a tremendous taxing power lodged in the hands of the board of directors without consulting the taxpayer, why should we vote for the formation of the present proposed utility district?

Mr. Ross, the Bonneville Dam Administrator, in his Hillsboro address made several very significant statements. He stated that the power to tax is the power to destroy. The board of directors when elected will have the power to borrow large sums of money and levy a tax to pay the same. Are they not in a position to materially injure us or even to destroy us financially? Mr. Ross also stated in his Hillsboro address that he favored the issuance of revenue bonds and certificates, payable out of the revenue of the district. Under the present laws of Oregon, revenue bonds or certificates cannot be issued.

How many of the candidates for members on the board of directors do you know? Why should we not wait to organize our district until after the law has been amended to protect us, as taxpayers?

What do we lose by waiting? What do you gain by forming a district now? Why should we not formulate our own district and own and operate our own plant with our own people?

Vote 310 X NO

on April 8th

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To the Voters of Hillsboro:

You are invited to attend a

MASS MEETING

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TUESDAY, APRIL 5th

for discussion of the

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