

NO WATER IN THE STOCK

(Continued from Page One.)
able for prompt payment, making a rate of 35 cents.

"The question of the price of gas came up for discussion among the directors last August," said Mr. Adams. "We were not all agreed as to the amount of reduction to be made at that time, so we compromised on a reduction of 10 cents, then with a further reduction to 11 to take place May 1 of this year. Our theory was to reduce this year to 11 with a 5-cent discount. This will go into effect May 1."

The last hour of the session was occupied in listening to the testimony of gas consumers who had been subpoenaed to tell of causes of complaint against the gas company.

E. R. Piper's Failure.
The attempt to prove by the testimony of Edgar B. Piper that the stock of the gas company is largely water, was a ludicrous failure and the discrediting of the Oregonian force was palpable. So utter was the collapse of this charge that Judge McGinn was forced to make a diversion by attacking the validity of the gas company's franchise, which was subject to the purpose of the gas company's investigation. Attorneys for the gas company called his attention to the fact that the investigating committee was charged only with inquiry into the price and quality of gas, and had no power to inquire into the legal questions raised by an attack on the equity of the franchise.

But Judge McGinn persisted and read at great length the decision of state and federal courts to show that the transfer of the original franchise, without consent of the legislature, worked a forfeiture. Not until the committee brought its attention to the question of the price and quality of gas did Judge McGinn desist from his argument.

When E. R. Piper was asked to state what he could do to the Oregonian's charges that the stock of the gas company is watered, he entered on a history of the original franchise. The witness admitted that his information was all second hand, "common report," and that as to the details of the sale to the present company in 1892 he had no information. In so far as the witness stated facts he told only what had been told earlier in the investigation by C. F. Adams. The only extraordinary part of Mr. Piper's testimony was the deductions which he drew from the facts, and on cross-examination he was forced to materially modify many of his statements.

Considered Stock All Water.
Briefly told, the testimony of the witness was as follows: In 1892 the Portland Gaslight company transferred its stock to Mills, Adams and Whitehouse, for an as-yet-undetermined consideration. Three months later the Portland Gas company, the new company, which had been capitalized for \$1,000,000 in bonds and \$1,000,000 in stock, in 1892 the old company's earnings were \$500,000 and as the bonds of the new company bore 6 per cent interest a fixed charge amounting to \$60,000 per annum had been imposed. How much money or actual value the old company had for its property the witness "had no idea." He believed, however, that the million in bonds given by the present company was full payment for the property and that the stock was all water.

In 1901, said the witness, the Portland Gas company found it impossible to stagger longer under its load of indebtedness and determined on reorganization. It was agreed that of the \$1,000,000 of stock outstanding all but \$50,000 should be canceled. The bondholders agreed to cancel one half of their \$1,000,000 worth of bonds and to accept in lieu of the canceled bonds \$500,000 of stock. The bondholders further agreed to advance \$250,000 in cash, for which they received that amount in new bonds, the money going into the sinking fund. The witness consented to a reduction in the rate of interest on the bonds from 6 to 5 per cent, and as the bonds had still 21 years to run it was agreed that the holders should be compensated for the heavier burden by receiving \$150,000 in stock.

Where Piper Failed.
The obvious conclusion from Piper's testimony was that all the "water" in the capitalization of the Portland Gas company had been succeeded out by the reorganization of 1901, when 95 per cent of the stock was surrendered and canceled. Judge McGinn hastily interjected the suggestion that there was "450,000 of high finance" in the reorganization of the company and the witness promptly replied that "it looked that way."

Since the reorganization in 1901 the company has issued \$300,000 of new stock, all of which, said the witness, has been paid for in cash, dollar for dollar. Judge McGinn again came to the rescue and asked if it was not the fact that the more stock is issued the heavier becomes the grind on the consumer. Mr. Piper again thought that it "looked that way."

The cross-examination was devoted entirely to finding out why Mr. Piper thought there was water in the present capitalization of the gas company, when, by his own admission, every dollar of stock and bonds represented an actual investment of an equal amount of money. The editor replied his former declaration that when the present company bought out the old company in 1892, paying a million in bonds and a million in stock, the stock was all water.

"Very well," said Mr. Wood; "but on the reorganization of the company in 1901 all but \$50,000 of this stock was canceled and absolutely wiped out, was it not?"

"Yes," admitted Piper.
"You mean that the water disappeared?" continued the attorney.
"Yes," when the bondholders surrendered one half of their bonds which were a lien on the property, and took stock in place of them, they really gave value for the stock."

Piper thought that the bondholders' money was "lost" and it was with some difficulty that Mr. Wood finally obtained the admission that the stock given to the bondholders in lieu of their bonds was paid for by the surrendered bonds.

Analyzing the Testimony.
"You said that the \$800,000 of stock which has been sold by the company since 1891 was issued by its 'mere fiat,' and that the more stock is issued the heavier the grind will be on the consumers. If the stockholders of this company expend \$300,000 this summer the money goes into extensions, isn't it right that the money should pay interest to the men who put it in? Is anyone hurt thereby?"

The witness was obliged to acknowledge that his former testimony on this point had been mistaken. "I don't think I was understood," he explained. "It is perfectly clear that as a company grows and its business grows, it must invest greater sums in improvements. I think I would better correct my former statement. The three quarters of the testimony to the customary allowance for depreciation in a gas plant he said it should be figured at from 7 1/2 to 15 per cent of the value of the plant, but that the Portland Gas company had charged off, on an average, less than 1 per cent. The total cost of gas in Portland at the present time including manufacture, distribution, administration, depreciation (figured at 2 1/2 per cent), 6 per cent dividends on the stock and interest on bonds, would be \$1.0875 per thousand feet. If the rate of dividends on stock were 8 per cent the cost per thousand feet of gas would be \$1.17125. At 10 per cent, the cost would be \$1.256125.

Cost of Labor Here Is High.
Comparisons with other cities are difficult, said Mr. Adams, because of the variations in price of labor, price of materials, volume of output, number of consumers and other conditions. Three quarters of the gas companies work their men in 12-hour shifts, while the Portland company works three shifts of eight hours each, increasing the cost of labor about 50 per cent. The daily output of gas in Portland is about 1,000,000 feet; in Los Angeles about 5,000,000, and in San Francisco about 8,000,000 to 11,000,000 feet.

In New York the number of consumers is about 500 for each mile square. In Portland the number is from 100 to 110 on the west side and from 60 to 65 on the east side.

Mr. Adams testified that the gas company had never paid a cent for political or legislative purposes, nor do the directors receive any compensation. In the last five years the expenses for legal fees had not been over \$300 or \$400. As president of the company Mr. Adams drew a salary of \$350 a month. A superintendent was formerly employed at \$500 a month, but business became so poor we had to let him go and I took his place," testified Mr. Adams.

"What salary did you draw as superintendent?" asked Mr. Teal.
"Nothing," answered Mr. Adams.
"And how long did you draw that salary?"
"Five years," answered the witness.
Mr. Adams stated that during the present year the company will expend at least \$250,000 in extensions and improvements. The bulk of the extensions will be on the east side.

Few Witnesses Respond.
Although some 75 witnesses had been subpoenaed, scarcely one in ten responded when their names were called. Of those who did testify several declared that they had no cause of complaint, and that the gas was satisfac-

torily. Why they had been subpoenaed they did not know.

There were others, however, who told a different story and complained that their gas bills had been extortionate. Perhaps the most striking testimony of this description was given by George H. Howell, a compositor in the employ of the Oregonian. He produced his bills for the months of October, November and December for the years 1902, 1903 and 1904. The total bills for the last three months of 1902 were \$13; for the like period in 1903, \$16.30; for the corresponding time in 1904, \$23.20. Mr. Howell admitted that he had changed his residence about a year ago, but insisted that there had been no increase in his consumption of gas.

"I found it cheaper to burn gas at \$1.50 than when the price dropped to \$1.75," said Howell. He testified that he had complained to the company, but succeeded only once in getting a reduction. F. J. Steinmetz, a real estate dealer, had a big grievance against the gas company on account of overcharges, but as he had failed to bring his gas bill with him the committee decided to hear him at the next session, when his bills will be produced.

Laundryman Complains.
L. T. Gilliland, manager of the Union Laundry company, testified that he did not get the service formerly given, as there is not as much heat in the gas as there used to be. The laundry uses pressure burners and injects air into the gas. "As one time last summer when we didn't have to put any air in," said the witness, and a laugh ran around the room.

J. F. Glasik, a barber at 209 1/2 Third street, complained that his gas bills had been too high. The largest increase for any single month was from \$11.35 in December, 1902, to \$16.15 in December, 1904. He admitted that he had never made any complaint to the gas company with a view to having the bill reduced, but had told his troubles to the Oregonian.

J. A. Benedict, superintendent of Zan Brothers' factory, produced bills for a year past, showing a large increase in the amounts of his payments to the gas company. Though he had changed his residence during the year, he believed there had been no increase in the amount of gas used. In November, 1904 his bill was \$1.95, and in the same month a year later it was \$12 gross. It was only when cross-examined by Mr. Teal that the witness admitted that the amount of the large bills of which he was complaining were the gross charge and that his actual payments were materially less, as he secured the usual discount in every case. In December, 1905, his gross bill was \$13.95, and in January of this year the amount (gross) was \$11.55, as compared with \$1.65 a year previous.

"I should say that Mr. Benedict had a large-sized kick," said the witness, "but we would like to look the matter up."

Says Odor of Gas Is Strong.
R. S. Farrell complained both of the amount of his bills and of the odor of the gas, which sometimes was so bad as to interfere with cooking.
W. C. Powers was asked what complaint he had against the gas company. "Not any."
"Is the gas satisfactory?"
"Perfectly, with the exception of the fact that there is sometimes air in the gas, so as to interfere with lighting the gas. There was no trouble from air in the pipes except when lighting the gas."

Frederick Brady, a plumber, had no complaint to make.
Mayor Lane was called to the stand, but he, too, had no complaint and was dismissed.

Says Pipes Are Badly Laid.
L. J. Damsie, a former employe of the gas company and the author of two letters published in the Oregonian, was the last witness called. He declared that the gas company cared nothing as to the manner in which pipes are laid in houses, and the leakage from careless work is very heavy. To this leakage he attributed much illness. The witness indulged in much criticism of the present superintendent of the gas company. Damsie admitted that he could not give satisfaction by his own work, although he insisted that he resigned his job voluntarily, and was not discharged. On cross-examination by Mr. Teal, Damsie said:

"The only time the superintendent made a complaint about my work was after I had said I was going to quit. Then he told me that my last job was the hardest job ever turned out of the office."

INNER CIRCLE EXPOSED
(Continued from Page One.)
that Simpkins will be captured inside of three days, as detectives are hot on his trail. He said without a doubt that

Richard A. McCurdy, lately president of the Mutual Life, his Morris-town, New Jersey, home, and his daughter, Mrs. Louis A. Thebaud, who accompanies her husband and parents to Paris.

Simpkins had a hand in the assassination. The evidence against St. John was not all that could be desired and it was hard to connect Steve Adams with the crime, although he was undoubtedly implicated in other crimes.

Swain said he could show through telegrams that Moyer, Haywood and Pettibone were in close touch with Orchard and Simpkins up to within a few days of the murder, and so far as he could corroborate Orchard's confession he had the histories in minute detail of all the prisoners for six years past.

Letters threatening violence and destruction are being received by Governor Gooding, Judge Smith, Prosecutor Hawley and all connected with the prosecution, signed "Kneebone," mailed from Colorado, Montana and Idaho. Kneebone was not a death by 40 miners in the first Coeur d'Alene riots of July 3, 1894, and the name is considered an ominous threat.

After telling this story of his 26 murders Orchard concluded with an extenuation of penitence and was determined to make what atonement he could. In a broken voice he said that he hoped God would forgive him, as at last he realized the monstrous nature of his crimes and deserved all the punishment that could be meted out.



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An American Citizen Rounded Up by Cossacks While Visiting Mother in Russia.

ESCAPED MONTHS LATER AT FIRST OPPORTUNITY

Dropped out of Line During Blinding Snow Storm, Bribed a Soldier and Swam a River to Freedom in Austria.

(Journal Special Service.)
New York, March 2.—Among the 2,773 steerage passengers on the Hamburg-American liner Pennsylvania, arriving yesterday, was Nathan Spizel, an American citizen, who said that he had been impressed into the Russian army while on a visit to his mother last summer. He did not succeed in making his escape until December, when he dropped out of line, made his way back to his mother's home and got away from Russia by bribing a soldier and swimming a small river into Austrian territory.

Spizel decided last July that he would go back to his native town on the Russian frontier and endeavor to persuade his mother to come to America with him.
"A troop of Cossacks surrounded the house and arrested me," said Spizel, "and took me prisoner." He was examined, measured and told I would make a good soldier. I served for months, not daring to show my naturalization papers for fear they would take them from me.
"It was not until December that I got a chance to escape. The regiment was on the march to Yoslauk and when night overtook us we were still marching. It was snowing and I found it comparatively easy to drop out of the ranks."

SLAIN BY TORNADO

(Continued from Page One.)
After the tornado had passed the injured flipped out to aid in the work of temporary hospitals were improvised, and as fast as taken out the injured were carried to them, while the dead were placed in a vacant building utilized as a morgue.

Heroic efforts were made by the citizens in subduing the flames, but many were incinerated before the fire was under control. Not much could be done in the darkness, but with seven thousands of volunteers began a systematic search for the dead and injured.

Throughout the night guards patrolled the area of debris and wreckage by the light of camp fires. They were assisted by citizens as well as the police and firemen. A number of negroes caught looting were summarily punished.

The path of the tornado extends from the Meridian fertilizer company on the south to the Meridian cotton mills in Georgetown, an eastern suburb. Many of the box cars standing on the tracks of the Alabama & Pittsburgh were overturned and many buildings not otherwise hurt were unroofed. The vast piles of lumber in the Roebuck company's yards was scattered over a large area.

Many Narrow Escapes.
Many narrow escapes are reported. William Ethridge, a young man, was carried 100 yards through the air and set down on his feet unharmed. Twenty-one men were caught in a restaurant and five of them killed. Mrs. F. Singleton, her daughter and granddaughter were killed in their home by a falling roof. Five unknown negroes and whites were killed in the Georgetown cotton mills and six killed in the fertilizer factory.

W. A. Garrett, night clerk at Cameron's restaurant, was carried through the air a couple of hundred yards, had a leg broken and was otherwise seriously injured. E. C. Woodruff, bookkeeper of a ruined business house, was pinned by his leg, which was broken, under the wreckage for 12 hours.

This morning the bodies of 18 negroes, many of them partially cremated, were taken out of the ruins of the tenement district. Many more are still buried in the debris. Twelve unidentified bodies were recovered from the ruins in the manufacturing suburbs.

TO PUMP PENDLETON WATER BY ELECTRICITY
(Special Dispatch to The Journal.)
Pendleton, Or., March 2.—By the terms of an agreement which has been entered into between the Pendleton water commission and the Northwestern Gas & Electric company, the city pumping plant is henceforth to be operated by electricity. The contract proposed is for 10 years and for pumping the water the electric company will be paid \$4,000 the first year and \$3,500 annually for each succeeding year.

Under the terms of the agreement the company agrees to install a 75-horse-power motor and a pump which shall be able to pump 1,000 gallons of water a minute. The same shall be ready for use by June 1, 1906. When the plant is installed and is working in accordance with the contract the sum of \$2,000 is to be paid the company, and at the end of the year the remaining \$2,000 for the first year's work will be paid.

Preferred Stock Canned Goods.
Allen & Lewis' Best Brand.
Baker Unions Support Bond.
(Special Dispatch to The Journal.)
Baker City, Or., March 2.—In view of the attitude taken against John L. Hand by this city by the labor unions of Portland at a meeting of the Baker City Trades and Labor assembly resolutions were adopted condemning the attack on Hand, published in the Portland Labor Press, as "blatant and uncalculated for and tending to mislead the people of this district for the benefit of political candidates in other parts of the state."

MILWAUKEE IS AFTER HOQUIAM TIDE LANDS
(Special Dispatch to The Journal.)
Aberdeen, Wash., March 2.—Reports from Hoquiam are to the effect that the Chicago, Milwaukee & St. Paul Railroad company, through its representatives, is getting hold of tide lands from the state on the harbor. According to the law, these tide lands are sold by the state at an appraised value, but owners of lands which border on the same have the first right to buy them within a certain time.

There is no evidence of such activity here as is said to be prevailing at Hoquiam, but there is a rumor that the Northern Pacific Railway company has been quietly securing additional land, with the intention, it is thought, of being ready for any emergency.

WAYWARD YOUTH SENT TO REFORM SCHOOL
(Special Dispatch to The Journal.)
Eugene, Or., March 2.—Thord Frye, aged 13 years, was taken to the reform school from here today. He is the son of J. B. Frye of Springfield, who says it is impossible to manage the boy. Frye, with two other boys, ran away from home the first of this week, but was caught south of Roseburg and brought back. The boys broke into a car on a southbound through freight train. They broke open several cases of canned fruit and salmon, which supplied them with food for a day and a half.

TAX COLLECTIONS IN BENTON ARE EASY
(Special Dispatch to The Journal.)
Corvallis, Or., March 2.—Tax collecting is in full force at the Benton county sheriff's office, 500 people having already paid in their amounts. The time for getting a rebate expires on March 15, and about 1,600 people usually take advantage of the period and save that much on their taxes. Every mail brings in letters and money to Sheriff Burnett, and the amount of money paid in over his counter so far this year is \$14,344.51. This is about as much as had been paid at the same time last year, but this year the tax roll was not turned over until February 12, while last year it was in the hands of the sheriff January 25.

MRS. MARY MOORE IS ARRESTED AT CORVALLIS
(Special Dispatch to The Journal.)
Corvallis, Or., March 2.—When the Corvallis & Eastern train arrived yesterday from Yamhill, Mrs. Mary Moore, who boarded it at Summit, was met here by Deputy Sheriff Wells and taken into custody on the order of the sheriff of Linn county, where she is wanted on a statutory charge. She was taken on the noon train to Albany by Deputy Wells.

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