

WATER UTILITY HELD GOOD BUY

Financial Aspects of Municipal Ownership Proposal Are Analyzed

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As a general obligation bond. They would not be eligible as security for state or county funds, and might not be purchased by the state for any of its trust funds. The question of taxability under the federal income tax law also might be raised. These facts, alone, would have an unfavorable effect upon the sale price of the bonds, if indeed they could be sold other than as obligations of the city.

Following are the estimated percentages of water bonds to assessed valuations as of July 1, 1928, in the larger cities in Oregon that have such bonds outstanding:

| | |
|------------|-------|
| Ashland | 16.75 |
| Astoria | 6.40 |
| Baker | 5.51 |
| Corvallis | 3.50 |
| Eugene | 4.43 |
| La Grande | 4.30 |
| Medford | 16.40 |
| Seaside | 2.58 |
| Portland | 4.26 |
| St. Helens | 1.00 |

The average ratio of water bond indebtedness to assessed valuations for the above listed municipalities of July 1, 1928, was about 8.75 per cent. Present Bond Debt of City Summarized

The present assessed valuation of the city of Salem is \$17,591,573.00, or \$17,205,473.00 after deducting the assessed valuation of the water plant. The ratio to the latter assessed valuation of water bonds which the city would have to issue to provide funds of \$500,000 would be more than \$1,000,000 worth which to purchase the water plant would range from about 5 to 6 percent or about 3 per cent less than the average of 5.75 per cent.

The total of general obligation bonds of the city of Salem outstanding at the present time is \$320,500; and street improvement bonds, which are a prior lien on collections from street assessments, amount to \$1,052,105.96. The total indebtedness of the city is \$1,972,605.96, against which sinking funds totalling \$138,647.75 are available, leaving a net indebtedness of \$1,832,958.21. Adding to this figure the \$50,000 bridge and \$170,000 sewer bonds yet to be issued and a hypothetical debt of \$1,000,000 for water bonds results in a total of \$3,982,958.21. This figure is approximately 17 1/2 per cent of the present assessed valuation of the city, after eliminating the assessed valuation of the water plant as nontaxable property under municipal ownership.

Earnings of Recent Years Are Viewed

According to the statements of investment and operating income filed with the public service commission by the Salem Water Works for the first six months of 1927, and by the Oregon-Washington Water Service company for the last half of that year, the net operating income for 1927 was \$2,174.16, as compared with a plant book valuation of \$1,168,151.28 at the end of the year. Deductions for taxes amounted to \$32,952.96. The net earnings before deduction for taxes were \$5,127.12.

The 1928 statement of the Oregon-Washington Water Service company, shows net income of \$71,028.52 against a book valuation of \$1,208,842.51, with deduction of \$21,156.80 for taxes. The net operating income for the year 1927, and about 5.9 per cent for the year 1928, or about 7 1/2 per cent and respectively, before deduction of taxes. These percentages probably would be still higher if they were based upon the net investment of the utility consisting of the plant, accounts receivable, construction work in process, and other items, but with deduction therefrom of the depreciation reserves of 1927 and 1928 amounting to \$252,159.10 and \$256,865.90 respectively. The other investments or assets of the Salem utility could not be determined from the report filed with the public service commission for the reason that the report shows only the consolidated assets for all of the utilities of the company in Oregon.

The 1928 report of the company on file with the public service commission shows that from earnings derived from all its operations the company paid \$42,000 in dividends on \$501,500 book value of no par preferred stock or at about the rate of 7 per cent on that value, and that the company also paid \$52,000 in dividends on 10,000 shares of no par common stock entered at a value of \$200,000. The 1928 dividend rate on this stock accordingly was 25 per cent.

The city of Salem because of its high credit rating could no doubt sell \$1,000,000 or more of water bonds on at least a 5 per cent basis, which is the same rate that practically all the bonds of the Oregon-Washington Water Service company bear. After deducting from operating income annual interest charges of \$50,000 on \$1,000,000 of bonds, the city, if it operated the plant as profitably as has the Oregon-Washington Water Service company, would still have an annual surplus of about \$40,000 to set aside as a sinking fund for bond retirement. An annual sinking fund installment of this amount on a 5 per cent amortization basis would require the city to set aside \$40,000 in 28 years. These figures are based upon the assumption that the utility as a municipality would

BRITISH CONTENDERS FOR FOX TROPHY



Members of the representative team of English, Scottish and Irish bowlers arriving at New York to take part in the contest for the Charles J. Fox trophy. After the western contest, the team will play in tournaments in various American cities.

Change in Boundary Asked By Residents in Vicinity Of Yew Park Grade School

Request for a change in the boundary line on the north for the Park school was made in a petition signed by Roy Campbell and Norman Allport and submitted last night to the school board. The request came, it was brought out in discussion by Ellis Purvine and Campbell and Allport, as a result of action taken early this semester in moving 28 pupils from the Park school to Washington and was based on the longer distance which a number of these pupils have to travel to Washington.

Fact that four dangerous streets, State, Court, Chemeketa and Center must be crossed by the young children in reaching Washington was given as an additional reason for need of a change. Superintendent Hug pointed out that no new change in the boundaries had been made, but rather that the Bellevue street boundary which was designated two years ago was being enforced. Hug said that a check up had revealed that the 28 pupils in question lived in the Washington district, and that the error, indulged in by members of the Park faculty without informing the superintendent, had been rectified as soon as found. He admitted it was an injustice that one pupil who lives four blocks from Park school travels now 10 blocks to Washington, but said that was the way the lines fell.

Hug said he would make an enterprise would not be taxed, and that betterments and additions could be paid for from increased earnings which would accrue from a gradually increasing population.

As the water bonds of other municipalities are issued with maturities as high as 40 years, it appears that the city could easily finance the purchase of the plant through the sale of bonds and could provide adequate sinking funds for retirement of the bonds without increasing the water rates, and possibly at lower rates.

"It should be borne in mind, however, that there has been agreement for some time past that municipal owned water plants should be taxed at least for state and county purposes. If the present plant valuations should be taken off the tax rolls, the assessed value of the city, and school district would be diminished by that amount.

The loss of tax to the state and county which would result in removal of the water plant valuation from the tax roll, would be distributed over the entire county, so that the resultant increase in the tax levies for state and county purposes would not be felt to any great extent. However, since the full 6 per cent allowed under the constitutional tax limitation probably would be raised in the case of city and school taxes, the levies for such purposes would be increased correspondingly.

"The loss of tax revenue to the city at prevailing levies would be \$8,887.25; to the school district, \$5,289.57; to the county, \$3,489.34; and to the state, \$3,548.28. The higher levies which would result from elimination of the assessed valuation of the water plant would fall largely upon the heavy property owners, and the householders in general would receive the benefit of the same or lower water rates without any appreciable increase in taxation."

1200 UNEMPLOYED RIOT AT CITY HALL

deavored to protect him, one of the women rushed out and shouted "the police are clubbing us!" This was the signal for tumult. Those across Lakeside rushed to the hall steps, while those on the street commenced against the guard at the door. Four men jumped on Police Inspector George Matowitz and bore him to the pavement. Another group downed Lieutenant Otter Torrence. Then other policemen were attacked, each one a center of a little riot of his own. There were 36 rioters and policemen rolling and fighting on the sidewalks and pavements at once. The policemen used their riot sticks freely. Some of the 60 women in the crowd screamed and screamed at the policemen and tore at their hats and coats. Before the riot had subsided about 200 policemen from all parts of the city had been called in by Director of Safety Edwin L. Barry. Several fire squads had arrived and attached their hoses, ready to cool off the mob if the police could not.

HUGHES TO GET CONFIRMATION

Borah and Glass Join Opposition Voicing Numerous Objections

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tion made it clear they had no intention of blocking a vote but asked only for the opinion that the nomination "feels that practically no restraint ought to be placed upon the vast corporate interests of the United States; that he will go to the bench as chief justice carrying with him the conviction that these efforts at restraint are unwarranted and that after all we must leave, in a large measure, the course of these vast interests to their own discretion and to their own judgment."

Borah "upon an era when the greatest undetermined question before us is determining the relationship of these vast corporate interests to the millions of people in the United States, who must pay them toll year by year. Far Reaching Results of Policies Cited

"Could there be any more profound question, touching the interest of every man, woman and child in the United States for years and years to come, than the question of how much the oil people, the transportation people, and all others dealing with those questions shall charge the people of the United States for their services?"

Senator Glass denounced, first, the action of Hughes in resigning from the supreme court to run for the presidency in 1916. He then took up the Shreveport railway decision of the supreme court when Hughes was on the bench, contending this decision had destroyed all rights of states to a voice in regulation of intrastate commerce.

Senator Bleasie, democrat, South Carolina, who has been urging the reappointment of William Howard Taft as chief justice, informed the senate that he understood Taft was improving in health. He also expressed the fear of this becoming a "family government."

COREY HAS PRAISE FOR OREGON SOLONS

Oregon has every right to be proud of its representatives in congress, for in the senate McNary and Stetson are real leaders and listened to with respect, while Representative Hawley holds one of the biggest and most influential positions, says H. H. Corey, public service commissioner who returned yesterday from a 13-day trip to Washington, D. C.

Mrs. Stegner is Taken by Death Here Last Night

Mrs. Minnie F. Stegner, resident of Salem for several years, died last night at the residence. She was 61 years old. Mrs. Stegner had been in ill health for some time and only recently returned from a Portland sanitarium where she had been under care. She was the wife of M. B. Stegner, local real estate manager.

Local Churches Represented at Newberg Meet

Salem Methodist churches had a good representation at the one-day district conference for pastors, Sunday school, church and Epworth League workers and officers held yesterday afternoon at Newberg. From the First church, Rev. and Mrs. F. C. Taylor, Miss Margaret Sutherland and a number of others were in attendance; from Jason Lee, Rev. Harry E. Gardner, H. B. Carpenter and Ed Olson were present; and Leslie Memorial was represented by Ormal Trick, assistant pastor, Mr. and Mrs. Ed Roseman and Mr. and Mrs. C. F. French. Bishop Titus Lowe was the principal speaker at both afternoon and evening sessions. Dr. T. H. Temple of Salem district superintendent, also took part in the program.

WILLAMETTE LOSES WHEATON DEBATE

The Willamette university debate squad lost its second conference debate last night to Wheaton college of Wheaton, Illinois, according to a decision rendered by Prof. Earl W. Wells of O. S. C., who judged the debate.

The question was: Resolved that the nations should adopt a plan of complete disarmament, the local debaters upholding the negative side of the question. Stephen Payne, Clarence Sorenson and Allan Zaum were the visiting debaters.

The Wheaton college team is making a northwest tour and will meet Oregon State Teachers college at Monmouth February 12 and O. S. C. the following night on the same question. The visiting team had a record last year, winning all debates and one member of this eastern team had experience with the last year champions.

The Willamette team composed of Charles Campbell, Ray Lafke and Roy Harland was the same as met the University of Hawaii several weeks ago. They are inexperienced against such competition but as they are still underclassmen they still have possibilities of regaining Willamette's place in the field of forensic.

The debate was held at Chemawa due to previously announced meeting in Waller hall on the university campus. A Willamette debate team defeated Wheaton at Wheaton in 1928.

Salem Has Good Chance to Win District Honors

If Salem high school debaters make as good showing in the district debates tomorrow night as in the former ones this year, they will virtually clinch the district championship, for to date Salem has 15 points, Dallas nine, Woodburn seven, Independence four and Dayton two.

The local negative, Gertrude and Norman Winslow, will meet the Woodburn affirmative at the high school auditorium here at 8 o'clock tomorrow night; and the Salem affirmative, Fred Blatchford and Eleanor Henderson, will meet the Dallas affirmative there. The Woodburn affirmative is supposed to be the strongest Woodburn team, and defeated Dallas two to one. The debates Thursday are next to the last in the district series.

Margaret Kells Wins Oratorical Meet at Church

Margaret Kells with her oration "The Inevitable Leader," won first place in the youth peace contest, held last night at the First Presbyterian church, and Eric Fitzsimmons and Dayton Robertson tied for second place. Miss Kells was awarded a silver medal. Others participating in the contest were Arthur Eaton, Merrill Ames, Wayne Pitts and Marrian.

GRAND THEATRE

Today and Thursday "BOZO" SINGER with the COLLINS-SINGER MUSICAL STOCK CO., in "SPUTTERS" A Rodeo of Fun, Songs, Dances and Specialties

Home of 25c Talks Today and Thursday ON THE SCREEN "ANYBODY HERE SEEN KELLY?" Starring BESSIE LOVE and TOM MOORE Also Talking Comedy Pathé Review

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APPEAL PLANNED AS NON-SUIT ALLOWED

An appeal of the case of E. G. Harris against the Southern Pacific railway \$18,000 damage suit will probably be made, according to Harris' attorneys, who made the announcement after the case went out of circuit court Tuesday on a motion of involuntary nonsuit by the railroad's counsel.

Harris had brought suit against the S. P. company for \$17,169 personal injuries and \$1200 damages for the machine in which he was riding at the time of collision with the railroad train at Jefferson several months ago. An attempt was made to show that the railroad was guilty of contributory negligence.

Grade Crossing Will Be Built By Lumber Firm

The public service commission Tuesday granted the application of the Molalla Lumber company for permission to construct three grade crossings in Clackamas county. The company proposes to extend its logging railroad.

Judge Kelly Is Kiwanis Speaker

America's outstanding example pointing to the paramount value of human life is Abraham Lincoln, Circuit Judge Percy R. Kelly declared in an address at the Kiwanis club luncheon Tuesday.

The dangers against which Lincoln fought: Disunion, lawlessness and special privilege, still prevail to an alarming extent, Judge Kelly said. Even in opposing the famous Dred Scott decision, he pointed out, Lincoln never advocated disobedience to constituted authority.

ELSMORE Continuous 2 to 11

MAURICE CHEVALER THE LOVE PARADE

JENNETTE MACDONALD

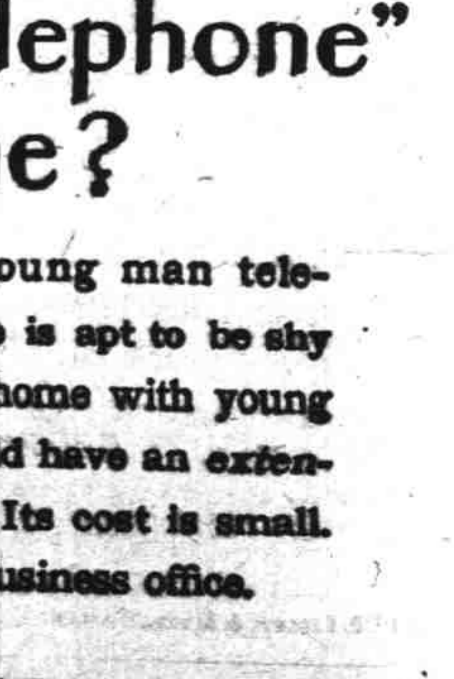
ALL THEATRES

DISNEY CARTOON MERRY DWARFS

TODAY THRU FRIDAY

Is yours a "one-telephone" home?

WHEN a young man telephones, he is apt to be shy about it... A home with young people in it should have an extension telephone. Its cost is small. Please ask our business office.



BEST SOUND IN TOWN

CAPITOL

Today and Thursday

GEORGE CALISS

ANN HARDING Her Private Affair

Starts Sunday

"ROMANCE OF RIO GRANDE" with WARNER BAXTER

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