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Unsettled followed by rains today and Sunday, no change in temperature. Max. Temp. Friday 47, Min. 39, rain .12, river 1.9.

WILL REORGANIZE LINEN FIRM

Commission Orders Purification of Salem Water

COMPANY GIVEN 90-DAY PERIOD TO FINISH JOB

Public Service Group Hands Down Order Following Recent Hearing

Officials of Utility Await Outcome of Parley on Purchase, Stated

Construction of an adequate filtration plant or the adoption of other means to insure a supply of potable water for the city of Salem, is demanded by the Oregon-Washington Water Service company in an order issued late yesterday afternoon by the public service commission.

The order of yesterday results from a hearing held February 18 when the city of Salem, representatives of local canneries and representatives of the water company appeared before the commission to present facts on the present status of water supply in Salem.

The city and canners contended that the water company was not meeting the requirements of the Oregon code which requires "every public utility is required to furnish adequate and safe service, equipment and facilities."

After reviewing the status of water service in Salem over the last three years and pointing out the law's provisions relating to utility service, the commission finds, as follows:

That the service, equipment and facilities furnished by respondent, Oregon-Washington Water Service company, are inadequate and unsafe for the furnishing of palatable, pure and satisfactory water to its patrons in the city of Salem, Ore.

That the character and quality of water service provided has at times been unsatisfactory in that the water furnished the consumers contains objectionable tastes and odors.

That in order to provide adequate and safe service, equipment and facilities for the future the Oregon-Washington Water Service company should be required to install an adequate filtration plant or adopt such other and proper means as may seem meet by the respondent.

That an order should be made by the public service commission (Turn to page 2, col. 1)

Arbitration Offer Of Water Company Told City Leaders

Elliott Proposal Involves Dropping Appeal on Past Bond Election; Representatives Of City are Noncommittal

A DEFINITE proposal on the part of the Oregon-Washington Water Service company for arbitration on the value of its plant with the city of Salem preparatory to the acquisition of the property by the municipality, was laid before Mayor Gregory, City Attorney Trindle and Aldermen Purvine and Kowitz at an informal meeting held last night at the city hall.

The water company proposal, prepared in the form of a contract between the city and the company, provides, in brief, the following procedure:

1. Mutual agreement that a pending appeal of May 16, 1930, charter amendment providing water company purchase be dropped.

2. Appointment of one arbitrator by the company and one by the city to proceed with an appraisal of the water company on the basis of value.

3. Agreement that in case the arbitrators cannot agree on terms, they be empowered to select a mutually agreeable third party, the decision of the three to be the arbitrated value of the property.

4. Resumption of filter plant construction and its early completion with the city agreeing to expenditures as approved by its representative checking company expenditures and by a board of three certified accountants.

5. Submission of another city (Turn to page 2, col. 1)

How March Comes Is All-Important Here's Hoping she Roars; Moisture Shortage is Dwindling, Shown

Tomorrow will dawn the first day of March. Will it be calm like a lamb, a few of which are even now frisking about over the wet fields, or will it be roaring and threatening like a lion beaten of its prey?

SENATE GIVES VETERAN LOAN FINAL PASSAGE

Vote in Defiance of Veto Is Heavier Than Upon Original Ballot

Debate is Heated, Gallery Mostly Opposing Bill Roars and Hisses

WASHINGTON, Feb. 27—(AP)—Congress today opened the treasury to increased loans to World War veterans over the objection of President Hoover.

Heated discussion of the merits of the measure several times brought roars and hisses from the galleries where advocates were noticeably in a majority.

A remark by Senator Hastings, republican, Delaware, in opposing the bill that it would lead some veterans "to steal" their insurance certificates from their wives and to squander their loans in riotous living provoked a storm of debate.

More republicans voted today to override Mr. Hoover's veto than originally supported the measure, 36, lining up behind it today as against 34 on its first passage.

While debate on this tax issue was in progress in the house under special order, a delegation of (Turn to page 2, col. 6)

4-H CHIEFS WILL MEET HERE TODAY

Population of Prison Now 940

The senate yesterday adopted a resolution in connection with the death of the late Samuel Hill. The resolutions will be signed by Governor Meier, President Marks of the state senate, and Speaker Longman of the house of representatives.

Intangibles Refund Defeated by House; Excise Bill Argued

Industries' Representatives Object to Raise in Rate; Claim 8 per Cent Will Drive Business to Other States

OREGON'S tax situation provoked arguments in the state legislature and the offices of Governor Julius L. Meier, today as legislation was passed and discussed on this major matter now before the house and senate.

These two features marked the day in the state capitol, but did not prevent action on more than 50 other bills, mostly by the senate, which went a long way toward clearing the calendar of both houses to date.

Immediate refund of the intangibles tax money collected under the 1929 law was defeated on the ground that another bill, sponsored by the tax committee and which is a part of the state tax program now before the legislature, provided for the refund of the entire sum contingent upon the decision of the United States supreme court.

While the bill passed the senate provisionally 72 to 22, some of the absentees on that vote were present today. Democrats with one exception voted solidly against the veto, Senator King, democrat, Utah, joining with the 16 republicans supporting the president.

Following closely upon passage of the so-called state police department bill in the senate Thursday and the assurance that the measure will receive favorable consideration in the house, the senate Friday approved a resolution authorizing the secretary of state to connect by remote control the radio broadcasting station at Oregon State college with the state capitol building.

Senator Eberhard, in his explanation of the resolution, declared that the connection between the state capitol building and the broadcasting station at Corvallis would prove effective in administering the activities of the state police department.

Those who have not received loans must mail to the office or present a certified note to that effect along with discharge papers and the certificate. Notes can be obtained from the regional offices and veterans organizations.

Portland, Ore., Feb. 27—(AP)—A. E. Strong, operations manager of the Natural Gas corporation of Oregon, said today the corporation had completed installation of its plant and distribution system at Bend, Ore., and would begin supplying butane gas to that city March 5.

W. U. Debaters Beat U. of W. Willamette university debaters, Charles Glanoff and Ross Knotts, freshmen, defeated a University of Washington squad two to one in a debate at Waller hall last night.

Did You Know — That John Sigmund taught school at Fox Prairie one term? That at one time there was a lot of objection to employing "lady" clerks at the legislature?

CANNERY FIRM IS ORGANIZED FOR W. SALEM

Cleary and Hillman Heads Of Company Formed To Pack Fruit

Expect 60,000 Case Output This Year; Plant Will Be Opened Early

A new fruit canning firm has been organized and it has leased the plant of the West Salem cannery where it will operate. The firm is Cleary and Hillman Packing company, the organizers being E. J. Cleary and Grover Hillman.

The new company plans a pack of some 60,000 cases this season. Sales connections have been established, and Ronald Jory is now in the field signing up contracts for fruit. The pack will include all varieties of fruits and berries and will be marketed under the "Spot" brand which was used by the former operators of the cannery.

Reorganization of the Oregon Linen mills is planned by a group headed by John Veatch, Portland attorney, representing the stockholders of the company at a meeting in the chamber of commerce rooms on March 12.

STROKE OF PEN TO ERASE COMMISSION

The moment Governor Meier spreads some administrative ink in his characteristic handwriting on House Bill 77 which now awaits his signature, the public service commission will be a thing of history.

WASHINGTON, Feb. 27—(AP)—Here's what a veteran has to do to borrow half the face value of his adjusted compensation certificate: If he has obtained a loan he may present in person or mail to one of the 54 regional offices the record of it and the application for more.

Gas Plant For Bend Finished

Horror! Spring Opening Set for Friday the 13th

Trust those Ad men to get the public all excited. Now they've gone and set the date for the annual spring opening square on Friday, the 13th—of March.

FINANCE PLAN TO BE TOLD

Meeting of Stockholders is Called for March 12 Here At Chamber of Commerce Rooms, Announced

Contemplates new Company With Funds Sufficient to Develop Plant as Weaving Factory, Stated

Reorganization of the Oregon Linen mills is planned by a group headed by John Veatch, Portland attorney, representing the stockholders of the company at a meeting in the chamber of commerce rooms on March 12.

Letters were mailed to stockholders by a committee composed of the following, and presenting the necessity for prompt action in order to reorganize the property: Paul B. Wallace, J. W. Mayo, W. J. Staley, Dr. W. C. Keen, U. S. Page, Dr. H. J. Clement, Dr. M. C. Findley, T. A. Roberts, F. D. Thielson. The letter which was mailed yesterday is as follows:

Accounts and Notes Payable, Interest, Etc., \$53,013.63 First Mortgage Bonds in Treasury which have been working on plans for these obligations, \$1,700.00 Bonded indebtedness at the present time consists of First Mortgage Bonds issued and outstanding of \$8,300.00

APPLICATIONS EARLY SPOKANE, Feb. 27—(AP)—Fifteen minutes after Spokane was notified that the senate had overridden President Hoover's veto of the veterans' loan relief bill, an application for a loan was on file. About 100 applications were received today.

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Child Welfare Study Approved By Senate Vote

The senate Friday adopted a house resolution introduced by Representative Lee providing for the appointment of an interim committee to conduct a study of agencies and laws affecting dependent and delinquent children.

Child Welfare Study Approved By Senate Vote

Advertising in The Statesman Pays, Says 'Bill' Busick

Increased advertising pays, says "Bill" Busick of the Market. Busick has doubled his advertising in The Statesman the past two months, and in January his business increased 85 per cent and in February it is hitting 90 per cent higher than for the same month last year.

PREJUDICE CLAIM IS FILED BY LUPER

Charged with larceny of public funds on secret indictment by the grand jury, Rhea Luper, state engineer until a few months ago, yesterday morning appeared to answer the charge.

Luper declares in his affidavit that the judge is prejudiced against him and asks that the case go to trial in another department or that some other judge be called in to sit in the case.

While legality of the indictment has not yet been attacked, Oscar Hayer of Dallas, attorney for Luper, said he will go on grounds that the grand jury which made it is not legal because the circuit judge made no order continuing the jury from the October to the November term of court.

Protection of Lawful Fishing Gear is Voted

The senate, by a vote of 18 to 12, Friday passed a bill introduced by Senator Moser providing for the protection of lawful fishing gear on the Columbia river. The measure was defeated in the senate Wednesday. Passage of the bill was opposed by Senator Francisovich, who declared that the legislation was not desired by the fishermen at the mouth of the Columbia river.

The Legislative Calendar

Table with columns: House Today, Senate Yesterday, House Joint Resolution, Senate Joint Resolutions, House Yesterday, Senate Joint Resolutions, House Today, Senate Joint Resolutions.