POOR DOCUMENT

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The Evening Times ★ Star

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COMMISSION'S REPORT IN FULL ON N. B. POWER COMPANY MATTERS

Copies of the full report of a special commission appointed by the provincial government to investigate and report on the affairs of the New Brunswick Power Company have been received in St. John. The report, which is presented in the form of a printed phamphlet and a summary of which was published in this paper yesterday, is as follows:

To His Honor
The Lieutenant Governor
and the Legislative Assembly of
the Province of New Brunswick.

Sirs:

In accordance with the instructions set forth in the foregoing commission, we have the honor to report as follows:

Inquiry into the matters included in paragraphs A, B. C. and D of Section 1 of the Act made necessary the employment of accountants skilled in public service corporation affairs, and under the authority of Section 4 we appointed Messrs. Lybrand, Ross, Brothers and Montgomery to make detailed inquiry. We submit herewith a copy of the report of the accountants which will be found to be a comprehensive study of the matters concerned—the accountants having had access to all books and records of the company and also to the reports of Messrs. Sloan and Waterman, previously made at the instance of the Public Utilities Commission.

The commissioners, acting under the provisions of Section 11 and after examination of the accountants' report, made an interim order increasing the rates for the street railway, gas and electric service. A copy of the interim order is submitted herewith. The increased rates have been effected in the gross income of the company, but have not been in force for a sufficient length of time to enable the commissioners to determine with any accuracy the net income which they will produce. It is not clear however, that under present conditions the interim rates will produce net earnings exceeding a reasonable return on the investment plus a proper depreciation charge.

The commissioners held hearings on the matters covered by their instructions in the city of St. John on 28th June, and also on 13th, 14th, 15th and 16th January, 1919, at which hearings the city and the company presented their respective cases. We transmit herewith a copy of the evidence then taken and the copies of the arguments of counsel.

After careful study of the accountants' report of Messrs. Sloan and Waterman and of the evidence and arguments of counsel, the commissioners have come to the following conclusions:

From the evidence bearing on actual cost and from computations of the cost of putting existing property in place at date of installation—necessarily based somewhat on estimates—we find the original cost of the property of the company which on Jan. 1, 1919, was used in the production of railway, gas, electric light and power service, to have been two million eight hundred thousand dollars $(2,800,000.) This amount, increased or decreased from time to time by additions to, or diminutions of, the equipment used in such production and subject to further increase by additions to the fund of earnings to the surplus reserve fund as hereinafter provided, should be considered as the investment upon which we are to be based and is hereinafter referred to as the "rate base." We do not include in the rate base the sum of one hundred and eighteen thousand dollars ($118,000) apparently invested in water power properties and which may be included in the rate base, with carrying charges, when and if developed.

The commissioners are of the opinion that the capitalization represented by the present bond issue (face value $1,000,000), the present issue of first preferred stock (par value $1,000,000) and the present issue of second preferred stock (par value $350,000) should be permitted to stand as at present, but that the common stock (par value $2,000) should be reduced to an aggregate par value not exceeding $500,000 and will not be entitled to dividends until a surplus reserve fund of $300,000 has been accumulated as hereinafter provided. The preferred and common stock should have equal voting power, provided that the present provision, which gives voting power entirely with the preferred stock in case two quarterly dividends on the first preferred shares are in default, should remain in force.

The control of the operation, maintenance, service and rates of the company should be vested in a board of seven directors with equal voting power, except as hereinafter provided. Four of the directors (hereinafter called the company directors) should be elected by the company. Three directors (hereinafter called the public directors) should be appointed by the lieutenant-governor-in-council of the province, in the first instance for terms of one, two and three years respectively and thereafter each for a three-year term.

More Than $1,000.

The salary of each director should be more than one thousand dollars ($1,000) annually. Salaries of the public directors should be paid by the city of St. John and the salaries of the company directors by the company. One of the public directors should be members of any executive or other committees of the board of directors. Wherever reference is hereinafter made to public directors of company directors the majority of either group is meant.

An impartial experienced public utility accountant, engaged in general practice, should be chosen annually by the directors with the approval of the company directors. The accountant should examine the accounts of the company and report semi-annually respecting the propriety and distribution of charges to operating expenses, maintenance, depreciation, surplus, rate base and reserve fund accounts, during the previous six months, and also the result of the preceding six months' operation.

It should be the duty of the board of directors to fix from time to time such rates for railway, electricity and gas service as in their judgment will meet but not exceed the cost of service, which shall include operating expenses, taxes, maintenance, depreciation allowance, return on investment as herein fixed, and any other charges or expenditures which in the opinion of the accountant shall be properly chargeable against income. An appeal may be had to the Public Utilities Commission on complaint by the public directors that compliance is not being made with the foregoing provision. The rates heretofore fixed by interim order of the commissioners should remain in force until July 1, 1919, and thereafter until revised by the board of directors. If the company fails to accept an act embodying the recommendations of the commissioners, the interim rates should be subject to revision by the Public Utilities Commission.

The board of directors should determine the extent and character of railway, electricity and gas service which public convenience and necessity may require. In case of disagreement between the company directors and the public directors relative to the extent or character of service, the question at issue should be referred to the Public Utilities Commission, whose decision should be final, provided, however, that if a capital expenditure of over $25,000 is involved which the company directors claim will endanger the minimum return on the rate base, the company may take an appeal on the question to the lieutenant-governor-in-council, who may refer the same to arbitration or otherwise provide for its decision.

Depreciation.

The board of directors should provide out of earnings a depreciation allowance of at least $75,000 annually on the property as existing Jan. 1, 1919, plus such amount as they may deem proper on property added after that date, until such time as the depreciation fund thus created shall amount to the sum of at least $200,000 and in no case less than seven per cent of the rate base, and thereafter such amount should be added to the depreciation fund annually as will keep it intact as a corresponding sum. Such depreciation fund should be charged with all renewals, retirements and replacements other than maintenance.

The directors should charge to the annual cost of service, as a return on the rate base, seven per cent of such rate base, plus or minus such additional percentages on account of decreases or increases in the rates for railway, electricity or gas service as are hereinafter provided.

At the time of the semi-annual audit, the accountant should also determine the average rate received per kilowatt hour for electricity and the average rate received per thousand feet for gas during the preceding six months period, and calculate such average rates as percentages of similarly calculated average rates during the six months period from Jan. 1, 1919, to and including June 30, 1919. By giving due weight to these three percentages, based on the proportionate amount of gross revenue received from railway, electric and gas service, respectively, he should then calculate the "weighted average" percentage by which the rates during the preceding six months have been increased or reduced compared with those in effect during the period Jan. 1 to June 30, 1919, inclusive.

The theoretical rate of return on the rate base for the following six months' period should then be seven per cent plus one-tenth of one per cent for each one per cent by which such weighted average rate for service has been so reduced. The theoretical rate of return on the rate base for the following six months' period should be seven per cent minus one-tenth of one per cent, for each one per cent by which such weighted average has been so increased. The actual rate of return, however, to be allowed on the rate base should be not less than six per cent, nor greater than nine per cent, notwithstanding the fact that the theoretical rate of return may be greater than nine per cent or less than six per cent.

Appended hereto is an illustration of the method of calculation of the weighted average increase or decrease in utility rates, and the effect of such change on the rate of return on the rate base, and also a chart showing changes in the return which would follow varying weighted average rates assumed for the purpose of illustration.

Additions to outstanding shares and securities should represent money hereafter invested in the plant of the company or in the development of water-power. Provisions should be made that such shares or securities may be sold, subject to the approval of the public directors and the company directors, at such prices—not necessarily at face or par value—and subject to such terms and conditions as are reasonably necessary to invite the investment of capital in any development, improvement or addition which in the judgment of the public directors and the company directors is in the public interest. Likewise in the computation of additions to the rate base, upon the development of the water-power, or otherwise, proper allowance should be made for interest during construction, cost of financing, overhead expense and other charges which are incident to the enterprise, the exclusion of which might deter the investment of new money. Allowance in addition to the above should be made in case of the development of the water-power for losses from operation and for fixed charges during the development of a market, but not beyond a two-year period.

The commissioners are of the opinion that no special taxes of any kind should be assessed against the company, which should be required to pay only such property, income and other taxes as are paid by other general corporations in the province. The company should not be required to pay for any street or road repairs except those made necessary by the maintenance, renewal or construction of its own way and structures, nor for the removal of snow from any street or road, nor for any part of the cost of construction of new pavement or change in the character of the pavement of any street or road. The company should not be required to pay rental for the use of any street, road, or for any bridge, beyond the expense of maintenance of tracks. Any payments for the above-mentioned purposes will, under the arrangement which the commissioners recommend in this report, be reflected in the cost of the service, and will thus result in higher rates.

"It is perfectly natural that municipal governments, anxious to keep down the local tax rate by which they are so largely judged, should seek to unliad upon the street railway company all possible expense, but such a policy, in the long run, reacts upon the public served. Street railway companies have no mysterious source of revenue, but obtain their funds from people who ride in their cars. Any burden or tax imposed upon the company these people must ultimately pay. If the tax or burden is unjust it only means, in the final analysis, that a portion of the public is being subjected, by indirection, to an inequitable form of special taxation. Furthermore, the burden is not measured wholly by the cost of the physical work which the company is finally required to do. for the continual dickering over such matters consumes what is in the aggregate a very large amount of time and adds materially to the cost of management.". (Massachusetts Public Service Commission, Bay State Rate Case.)

The merchandising department of the company known as the Eastern Electric Company should be conducted as at present, all its profits to be credited to non-operating income, and considered as a part of the income applicable to the payment of operating expense, maintenance, taxes, depreciation and return on investment.

The proportion borne by the company of the cost of the present investigation should be charged to its operating expenses, but may be spread over a term of five years by means of a suspense account.

As to Sale

The acceptance of an act of the Legislative Assembly embodying the above recommendations should be made to constitute an agreement on the part of the company to sell at any time to the province or any political subdivision thereof all its assets and property which have been included in the rate base and its franchise as a going concern, for an ammount of cash equal to the rate base as determined under the provisions of this report plus ten per cent. thereof and plus any premium required to retire bonds. Upon giving this option on its property the company should be protected from competition on the part of private or municipal plants. As the income of the company will be strictly limited to a reasonable return on its investment, it is not fair, nor is it in the interest of the public, to expose it to the hazard of competition, the possibility of which will impair its credit.

We quote the following from an opinion of the Massachusetts Public Service Commission in the Middlesex and Boston Rate Case—an opinion which has been favorably cited in other jurisdictions and which was written by Hon. George W. Anderson, since a United States interstate commerce commissioner and now a federal judge: "It should never be forgotten that our public utility companies are not finished. They are in process; they are constantly calling for new capital and of recent years in increasing amounts. They must be kept on good trading terms with the investing public or the whole experiment of private ownership and public regulation of these public utility companies will fail. It is as necessary to attract capital into the public service as it is to prevent the mismanagement of these companies or extortion by them. An impecunious street railway is a poor public servant; often it is an unsafe public servant."

The commissioners advise that legislation be prepared for enactment by the Legislative Assembly which will provide for such changes in the laws and in the existing organization and franchise of the company as may be required to make them consistent with the foregong recommendations.

Very respectfully,
GUY W. CURRIER
HENRY H. COLGATE
ALBERT S. RICHEY
Commissioners.

February 18, 1919.

SENATE ADJOURNS UNTIL MARCH 18

Third Reading Given Railway Act Consolidation Bill.

Ottawa, March 1—The railway act consolidation bill was given a third reading in the senate yesterday, and is now ready for the house. The bill is precisely that which passed the upper chamber last year. Sub-section 5 of clause 374, over which there was so much contention last year and which was eliminated from the bill when it was introduced this year, was added almost at the last moment. The senate adjourned until March 18.

CAPE COD CANAL BILL PASSES SENATE; HOUSE LIKELY TO BE TARDY

Washington, March 1—An administration bill authorizing the government, through the secretary of war, to take over and operate the Cape Cod Canal was passed by the senate yesterday and sent to the house. Leaders there saw little prospect for passage of the measure before adjournment.

Presbyterian Churches

FIRST PRESBYTERIAN CHURCH
(West St. John)
REV. J. A. MORISON, Ph.D., D.D., Minister

11 a.m.—Divine worship. Rev. A. F. Robb, M.A., of Korea, will speak on Korea.

2.30 p.m.—The Sunday School and Bible Classes, Mr. Leonard Wilson presiding. Mr. J. R. Cameron teaching Young Men's Class.

7 p.m.—Dr. Morison in great Churches of Christendom Series speaks on "The Church of England."

Wednesday, March 5 — Evening Congregational Social and Reunion by Young Ladies' Club. All welcome.

Friday, 8 p.m.—Prayer Meeting. Come.

ST. ANDREW'S . . . Germain St.

11 a.m.—Rev. A. W. Thomson, M.A.

2.30 p.m.—Sunday School and Bible Classes.

7 p.m.—Rev. J. A. Morison, D.D., Ph.D., will preach. Subject: "Whither Are We Drifting? or is the Church Any Larger Necessary in National Life?"

This is a message to church-goers, and non-church-goers.

Everybody earnestly invited.

ST. DAVID'S . . . King St. East

REV. J. A. MACKEIGAN, B.A.

Divine worship, 11 a.m. and 7 p.m.

Minister will preach in the morning, Rev. Dr. Rochester, of Toronto, in evening.

Sunday School, 2.30 p.m.

Soldiers' and Sailors' Song Service, 8.15.

Strangers cordially invited.

KNOX . . . . . City Road

REV. H. C. FRASER, M.A., Minister
Residence: 64 Coburg Street.
Telephone M. 2890.

11 a.m.—Morning worship. Rev. W. M. Rochester, D.D., of Toronto, will preach.

2.30 p.m.—Sunday School and Bible Classes.

7 p.m.—Evening Service. Rev. A. F. Robb, M.A., of Wonsau, Korea, will speak.

Wednesday, 8 p.m.—Prayer Meeting.

Morning Watch

PRAYER SERVICE
Open to All
Sunday, 9.30 a.m.
BRUSSELS ST. CHURCH

Laymen's Evangelistic Committee
(Undenominational)

SAY FAREWELL TO CHALMERS CHURCH

The Last Service in the Sussex Kirk

Historical Sketch—The Days of Rev. Andrew Donald, Rev. James Gray, Rev. Mr. Stevens, Rev. A. C. Stewart and Others

(Sussex Record.)

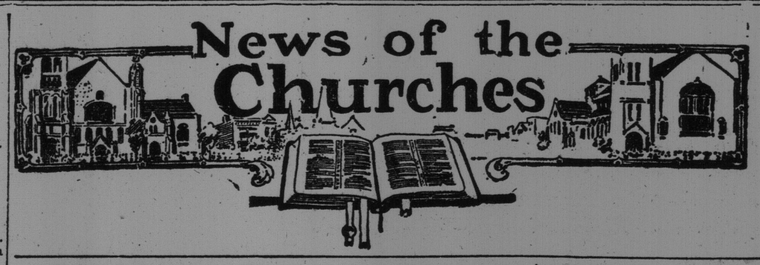
There was a large congregation at Chalmers Presbyterian church on last Sunday evening at the "Farewell to the Kirk" service. It was the last Sabbath service that will be held in that historic church. Next Sunday the new kirk in Main street will be opened for worship. Rev. A. V. Morash preached an eloquent sermon, taking his text from the last three verses of Ezra. Sunday night was an epoch in the history of Chalmers church, as a new era is about to open, Rev. Mr. Morash felt it was an appropriate occasion to give a brief review of the church from its organization and read the following historical sketch:

The beginning of Presbyterianism in Kings county is bound up with the name of Rev. Andrew Donald. Mr. Donald was born in Scotland in 1806. He attended the universities in both Edinburgh and Glasgow, attaining distinction in mathematics and philosophy.

In 1842 he was sent to Nova Scotia, where he was ordained over a congregation in Shelburne. In 1844 he removed to New Brunswick and was inducted into the only charge at that time in this part of the province, namely, Hammond River and Salt Springs. From the first he took the whole of Kings county as his parish; nor was this all. He made frequent excursions in both Queens and St. John counties, preaching and baptizing. From Quaco and Shepody Road to the Belleisle and beyond; from Rothesay to Havelock, not only in summer but in winter, with barrel staves for snowshoes, over the high wind-swept hills for which Kings county is noted, Mr. Donald traveled for almost forty years seeking his scattered flock and declaring to them the Truth.

(Continued on page 10; fourth col.)

Mrs. Lucien deBury, who was the guest this week of her mother, Mrs. Keator, Germain street, left yesterday for Vancouver, where Mr. and Mrs. deBury expect to reside for some time.



United Evangelistic Campaign

OF

Coburg Street and Douglas Ave. Christian Churches

LORD'S DAY, MARCH 2ND

11 a.m.—"Be Ye Steadfast."
Preachers—J. Chas. B. Appel at Coburg Street
F. J. M. Appleman at Douglas Ave.

7 p.m.—"Is Baptism Still Essential?"
Preachers—F. J. M. Appelman at Coburg Street.
J. Chas. B. Appel at Douglas Ave.

Douglas Ave., 8 p.m.

Monday . . . . . "Answering For Our Souls"
Tuesday . . . . . "A Perilous Predicament Met"
Wednesday . . . . . "One Thing Thou Lackest"
Thursday . . . . . "Conversion of a Business Woman"
Friday . . . . . "Dangerous Environments"

A WELCOME TO ALL

Reserved Seats in Heaven

These for Christ's followers, regardless of denomination.

The First Resurrection of Rev. 20:6, It's Philosophy, Its Purpose, Its Bearing on the General Resurrection of Acts 24:15, Dan 12:2, etc.

Subject at
BIBLE STUDENTS' HALL, 38 CHARLOTTE STREET
Sunday, 3 p.m.—All Welcome

Portland Methodist Church

REV. NEIL McLAUCHLAN, B.A., Pastor

11.00 a.m. . . . . Service conducted by pastor
2.30 p.m. . . . . Sunday School
7.00 p.m.—Service led by pastor, followed by Sacrament of the Lord's Supper.

ZION METHODIST CHURCH

REV. F. E. BOOTHROYD, Pastor

Both services will be conducted by the pastor. After morning service, Sacrament of Lord's Supper."
The evening subject will be . . . . . "Flirting"
Prayer Service Thursday night . . . . . 8 p.m.

A Welcome for Everybody

Carleton Methodist Church

REV. E. A. WESTMORELAND, Pastor

11.00 a.m. . . . . Rev. J. H. Jenner
2.15 p.m. . . . . Sunday School
7.00 p.m. . . . . "Who's Son Is He?" by the Pastor

Seats Free—All Are Welcome

Queen Square Methodist Church

REV. GEO. MORRIS, B.A., Pastor

11.00 a.m. . . . . The Pastor will preach
7.00 p.m. . . . . Rev. John Line, M.A., B.D.
2.30 p.m. . . . . Sunday School and Bible Classes

The Sacrament of the Lord's Supper will be administered at the morning service.

Centenary Methodist Church

H. A. GOODWIN, Pastor

Services 11 a.m., 7 p.m.—Sermons . . . . . ("In Shoes")
Sunday School and Bible Classes . . . . . 2.30 p.m.
Mid-Week Service Wednesday . . . . . 8 p.m.

Strangers and Friends Cordially Welcomed

Exmouth Street Church

REV. G. F. DAWSON, M.A., Pastor

10.00 a.m. . . . . Prayer Service in Church Parlor
11.00 a.m. . . Rev. John Line, M.A., B.D., of Mt. Allison, will preach
2.30 p.m. . . . . Sunday School and Bible Classes
7.00 p.m. . . . . The Pastor will preach

Sacrament of Lord's Supper at evening service.

A Cordial Welcome to All

Tabernacle Baptist Church

Haymarket Square

REV. A. LAWRENCE TEDFORD, Pastor

10.45 a.m. . . . . Morning Prayers in Vestry
11.00 a.m.—Sermon: . . . . . "Follow Me!"
2.30 p.m. . . . . Church School and Bible Classes
6.45 p.m.—Song and Sermon: . . . . . "Suicides"

Monday, 8 p.m.—Y. P. Meeting. Major R. E. Benson will speak on India. Wednesday, 8 p.m.—Church Prayer Hour. All church members urged to attend.

EVERYBODY WELCOME

First Church of Christ Scientist

Services at 11 a.m., at 93 Germain street. Subject: "Christ Jesus." Wednesday evening, meeting at 8 o'clock. Reading room open daily from 3 to 5 p.m., Saturday and public holidays excepted.

Mrs. George F. Smith expects to leave some time next week for Upper Canada.

SUNDAY SERVICES

St. Philip's Church

R. H. W. PINKETT

11 a.m.—Praise Service. Communion.

2.30 p.m.—Sunday School

7 p.m.—Preaching Subject: "Christ the Fulfilment of Law and Prophets."

Mrs. George Murray left yesterday for Boston (Mass.)

Baptist Churches On Sunday

CHARLOTTE ST. . . . West End

REV. J. H. JENNER, B.D., Pastor

11 a.m.—Rev. E. A. Westmoreland will speak. (The Man With a Message).

2.15 p.m.—Sunday School and Bible Classes.

3.15 p.m.—Junior B. Y. P. U.

7 p.m.—Subject: "God's Love and Yours," by pastor.

These services we know will be helpful and inspiring. The Lord's Supper will be administered at the close of this service.

If you have not heard our new organ, come Sunday. The choir, under the leadership of Mr. Stout, promises to give you special music.

Monday, 8 p.m.—B. Y. P. U.

Wednesday, 8 p.m. — The Hour of Prayer and Praise.

ST. MATTHEW'S . . Douglas Ave

(Douglas Avenue)

"The only Presbyterian Church in the North End."

REV. H. L. EISENOR, Minister

Morning worship, 11 a.m.

Evening service, 7 p.m.

Rev. G. W. Mingie, LL.B., preacher, secretary Lord's Alliance for the Maritime Provinces.

All are invited. Seats free at all services. Good singing. Cars stop near church.

"In every place where I record My name I will come unto thee and I will bless thee."

MAIN ST. . . . . North End

REV. D. HUTCHINSON, D.D., Pastor

11 a.m.—Subject: "The Christian's Concern for the Non-Christian."

2.30 p.m.—Sunday School and Men's Bible Study Class.

7 p.m.—Subject: "From Darkness to Light."

Communion service.

Good music by choir at all our services.

The Union Services with the Victoria street Church will be held each evening in the Victoria street church, except Saturday. A hearty invitation to all.

GERMAIN ST. . . . . South End

(Cor. Germain and Queen Streets)
REV. S. S. POOLE, Pastor

11 a.m.—Subject: "Vested Interests."

2.30 p.m.—Sunday School.

7 p.m.—Subject: "Suffer Me First."

Communion at close of morning service.

Sing Song for Soldiers and Sailors at close of the evening service.

Strangers and visitors will receive a hearty welcome.

WATERLOO ST . . . . . East End

REV. F. H. WENTWORTH, Pastor

11 a.m. — Subject: "Waste Man-Power"

2.30 p.m.—Sunday School.

7 p.m.—"The New Revelation." (Sir A. Conan Doyle.) No. 4: "The Christ." (Communion at Close)

Strangers cordially welcome. All seats free.

Central Church . . . . . City Centre

REV. D. J. MACPHERSON, Pastor

At 11 a.m.—Subject: "A Walk With Jesus."

At 2.30 p.m.—Sunday School and Central Brotherhood.

At 7 p.m.—Subject: "Spiritual Wrestling."

Central League Monday, 8 p.m. — Prayer and Praise Service Wednesday, 8 p.m.

Everybody welcome. Seats free.

FAIRVILLE . . . . . Church Ave.

REV. A. S. BISHOP, Pastor

11 a.m.—"Jesus is Strong to Make Us New."

2.30 p.m.—Sunday School.

7 p.m.—"The Many Things That the Greek Teacher Has for Us to Learn."

8.15 p.m.—The Lord's Supper.

There is a sense in which the whole service depends upon you personally; make it a success. When everyone feels this way, everyone attends.

VICTORIA ST . . . . . North End

I. W. WILLIAMSON, Minister

10.45 a.m.—Prayer Meeting.

11 a.m.—"Obedience to Christ."

Ordinance of Baptism after sermon.

2.30 p.m.—Church School.

7 p.m.—Evangelistic Service. Special singing.

"The Poor and the Gospel."

Pastor will preach at both services.

We had a grand week in the revival meetings. But a few of God's people are indifferent to the great challenge of the hour. Come every night next week at 7.45 in our church.

Congregational Church

(Union Street)

A. W. BROOKS, Acting Pastor

11 a.m.—Bible School.

6.45 p.m.—Song Service.

7 p.m.—Evangelistic Service in Schoolroom. Subject: "From Lodebar to the King's Table." All invited.