

TWENTY-FIVE CASUALTIES IN THE PARIS AIR RAID

REPRESENTATIVES OF CITY AND POWER CO. BEFORE COMMISSION

First Session Yesterday of Enquiry Into N. B. Power Company's Affairs—Company Makes Formal Request For Temporary Relief—Commission's Decision Later.

The commission appointed by the provincial government to enquire into the affairs of the N. B. Power Co., opened its hearing in the government rooms, Prince William street, yesterday morning.

Mr. Guy W. Currier presided, assisted by Mr. Henry Holgate and Professor Albert S. Rychey. F. E. Taylor, K. C., and Hon. Mr. Loring, of Boston, representing American investors, were present on behalf of the Power Co.; J. A. Sullivan, Boston, Dr. J. B. M. Baxter, K. C., and Dr. W. B. Wallace, K. C., represented the city.

Mayor Hayes, Commissioner Fisher, Commissioner Bullock, Mr. P. Barnhill, K. C., R. E. Armstrong, H. P. Robinson, H. M. Hopper, Percy W. Thomson, Scott Morrell and Joseph Bodell, of Providence, attended the hearing.

Mr. Loring.

Mr. Loring, for the company, gave a brief account of the history of the organization, capitalization, development and purposes of the Power Company from the days of the horse-drawn cars. He referred to the increased cost of operation on account of the war and said the cost of coal would be heavy during the coming winter. The company had received a demand from its employees for an increase in pay of seven cents per hour. The company realized that the employees should get more pay in order to meet the high cost of living. Six per cent. of the company's revenue, \$46,000, was paid to the city and county of St. John in taxes. Mr. Loring contended that the company should have a greater depreciation charge and should set aside a larger amount to cover possible actions for damages than it has. He said the commission had power, under section II of the investigation act, to grant immediate temporary relief, if such were deemed justified. He also said that the company had been assured by the Premier that the government would, if necessary, pass legislation to enable the company to declare the June dividends.

A reduction of 48 per cent. in the net income for the first six months of the year was reported, he said. The last six months of the year would be decidedly worse, owing to wages and coal. The net income would probably be reduced at the rate of \$100,000 a year. The company is faced by a desperate situation. The company's surplus is exhausted and the company is borrowing \$70,000. Unless there is prompt relief its credit is irreparably damaged. If it can no longer borrow, it can no longer properly serve its territory. The company urged for a prompt increase in the different departments, so that there may be an increase in revenue of at least \$12,000 per month.

In answer to the chairman Mr. Loring said the company thought best to leave to the commission the question of how best the revenues could be increased. He suggested a moderate increase in the electric light charge would bring relief.

The chairman asked for a detailed report of cost of operation for the year 1918, for the city and the commission, and Mr. Loring, for the company, agreed to have the copies prepared.

Mr. Sullivan.

On behalf of the city, Mr. John A. Sullivan said he had learned from the chairman in Boston that the company had filed a request for temporary increases, to afford relief during the hearing. He said the detailed report of operations for the first six months of 1918 would have to be checked up. The deficit the company expects to incur in 1918 is about equal to the annual charge on the increased capitalization of the new company. There should be no increase in rates for stock which is not represented by physical value. The question is whether the stockholders should get returns on an excess value of \$1,152,000, or that the public should have to pay increased rates. Until there is a close search into the transfer from the old company to the new, there should be no action. That is the answer for the company's petition for temporary relief. We shall enquire into the entire history of the transaction and shall require and should have time for investigation. Before temporary relief is granted, there should be investigation of the validity and propriety of the excess stock of the new company. There can be no true base for consideration of increased rates until the city has been able, through experts, to check up the reports of the company. It may require the services of two engineers. The city is entitled to check up the work of experts in the employ of the company, through the medium of the city's own experts.

Mr. Taylor held the city had agreed to accept the reports of the experts engaged by the Utilities Commission. Mr. Sullivan replied that the city had not agreed to accept any report that was not satisfactory to the city.

Chairman—We will take the question up later.

Mr. Sullivan said the increase in gas rates had been in effect six months and there ought to be a fair period of trial to determine whether or not the increase is sufficient. For the present the commission ought to omit gas from consideration, as the matter had been adjudicated on by the Utilities Commission. The net revenue on electric power in 1917 was practically 2,938 cents per kilo-watt hour. Mr. Sullivan quoted from the Waterman report. It

follows that there is no necessity of granting temporary relief on electric light. Turning to the railway department he said the net fare was 4.81. In the United States many railways would be glad to get this return. The question of increased fares would have to be gone into thoroughly. The city would have to check up the Sloan report.

Mr. Holgate suggested that a final statement be prepared from 1913 to date, and Mr. Hopper agreed to have this report made.

A bare increase in rates is not relief, Mr. Sullivan contended. How the proposed increase should be applied would have to be considered. It is doubtful if an increase in the street railway rate would bring any relief, but an increase in the cost of lighting would. Should we make the current rate "carry the passenger and the gas consumer on his back?" is a fair question. Then there is the question of relative justice. The user of electric light should pay only a fair rate. The public should not be found guilty in the first instance without evidence and fined for the benefit of security holders.

Mr. Sullivan said St. John was not considered wealthy and this would have to be taken into account in considering the proposed increases. If it is found that the present situation could be bettered, by more prudent and skillful management, this will have to be taken into account. Then there is the question of reorganization. The city might decide to take over the business and there is the alternative of having public trustees. If a company says it cannot go on at existing rates, the public has the right to demand that trustees be appointed to determine just what the conditions are. Mr. Sullivan said he was convinced that there was a very large inflation of capital by the N. B. Power Company, on which the company was expected to pay returns.

Mr. Loring, in rebuttal, said Mr. Sullivan had adopted a policy of delay. The argument aimed at "a corner rather than a physician." In support of his contention that the situation was desperate, Mr. Loring read a petition from the employees of the Power Company asking for increased wages.

Mr. Taylor.

Mr. Taylor argued that the city had accepted the expert appointment by the Utilities Commission to investigate the affairs of the Power Company, and now Mr. Sullivan advocated delay. He said Mr. Sullivan took the stand of "concern" and that the city should be asserted, said that what was wanted was to drive the company into insolvency so that the city could buy in the property at reduced cost.

Dr. Baxter.

The city solicitor replied that the commission was not concerned with personal views. Facts were alone to be treated of. When the gas rates were temporarily increased there were some evidences produced. However, the public thought the action of the Utilities had been "speedy" and without sufficient evidence, and that was one of the leading motives which led to the present commission.

Dr. Baxter held, with Mr. Sullivan, that physical value, not securities was what should be considered in discussing proposed increases in rates.

The public should not be bound by a mere transfer of securities which did not add one dollar to the physical assets, but which aimed to increase the public's liability.

The deficit shown in the Sloan report, Dr. Baxter said, was practically the amount due on the new securities issued.

So far as wages are concerned there has been no increase yet. If an increase is absolutely necessary the additional cost of operation can be taken into consideration by the commission later.

Dr. Baxter favored an independent examination of the company's books by a public utilities auditor.

Mr. Taylor, in reply, said Dr. Baxter had not taken into account, in referring to the Sloan report, the value of the water power holdings of the company.

Dr. Baxter remarked that surely the company did not expect the public to pay on undeveloped water power. Mr. Taylor contended that the undeveloped water power would have to be included. Mr. Taylor referred to a New York case in which water power was considered, and Mr. Sullivan pointed out that the case was an exception, in that the water power was included by statute.

Mr. Taylor held there was ample evidence before the commission to justify immediate temporary relief.

Mr. Holgate asked Mr. Sullivan what benefit would accrue in information from getting new reports on the Power Company other than the Sloan and Waterman reports, and the city's in a reduction of half a million of dollars on the value of the company's property, as shown in the Sloan and Waterman reports.

Mr. Sullivan said the public was entitled to prudent, skillful and honest management of company's properties, and if there was depreciation due to not be expected to make good the depreciation. The first duty of a company is to give good service, the second is to pay dividends.

Mr. Sullivan said that the company asked to be considered as a "going concern" and that the company stated it was "going into bankruptcy." The city counsel remarked that if the company was going into bankruptcy, it probably it would be easy to find a purchaser.

Mr. Loring asked for a fair deal for the bond and stockholders.

Mr. Sullivan pointed out that had

not the transfer taken place from the St. John R. R. Company to the N. B. Power Company, it would not have been necessary for the company to ask for relief at present. The cause of the request was the issue of stock in the transfer. He insisted that there had been no increase in physical property.

The session was adjourned to resume at a later date to be determined following a private conference of the commissioners and the counsel to decide on matters of procedure.

The members of the commission, Mr. Sullivan and Mr. Loring left last night for their homes.

SUSSEX

ELEVEN LOSE LIVES WHEN ENEMY AIR SQUADRONS BOMB CAPITAL

Several Groups of German Machines Take Different Courses and Swoop Down on Sleeping City—Damage Done By Raids Considerable—Fire Chief Suffocated.

Paris, June 28, (Havas Agency)—Eleven persons were killed and fourteen others injured through the explosion of bombs dropped by German airmen in last night's raid over the Paris district.

Reports of the raid indicate that there were several groups of enemy machines which took different courses in an effort to break through the defensive barrier of the city. During the commotion in the air thus created some of the machines evidently were able to effect a penetration, for bombs began to drop almost immediately.

There was shortly a lull, after which the bombardment again grew in intensity and then finally subsided.

The damage done by the raiders is reported as considerable.

President Poincaré sent the victims messages of sympathy and solicitude on behalf of the government.

There were several cases of careless onlookers being wounded by fragments of shells from the anti-aircraft fire.

M. Teysiere, chief of the Paris fire department, died of suffocation while directing the rescue of victims of Wednesday night's raid.

Artillery Activity.

London, June 28.—Considerable artillery activity developed last night on both sides in the region southeast of Commeacourt, southwest of Arras, the war office announced today. British patrols inflicted casualties upon the Germans in clashes in this area.

British troops carried out a successful raid yesterday near Mericourt, northeast of Amiens. An attempted raid by the Germans near Moyenneville, south of Amiens, was driven off with loss to the enemy. The statement follows:

"A raid attempted by the enemy Wednesday night against one of our posts in the neighborhood of Moyenneville, south of Arras, was repulsed with loss."

French Statement.

Paris, June 28.—French troops last night carried out an operation on the front southeast of Amiens, as a result of which their lines were advanced in Senecat Wood, on the Avre River, the war office announced today. In this war office announced today, between the Marne and the Ourcq, south of Dammar, prisoners to the number of 122 were taken.

DEATH

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PHASES OF THE MOON

1st	20m. a.m.
2nd	7h. 3m. p.m.
3rd	10h. 12m. a.m.
4th	7h. 35m. a.m.
5th	4h. 58m. a.m.
6th	2h. 17m. p.m.
7th	11h. 45m. a.m.
8th	9h. 12m. p.m.
9th	6h. 45m. a.m.
10th	4h. 22m. p.m.
11th	2h. 5m. a.m.
12th	11h. 38m. a.m.

WEATHER

Maritime—Fresh south east winds, shower.

New England—Local rains storms Saturday and probably. Moderate east to south west.

June 28—The weather continues in the western provinces. There have been almost general rains and Saskatchewan, Alberta. From Ontario has been mostly fair and in southern Nova Scotia it has been quite cool.

Min. Max.	48 58
Thurs.	48 58
Fri.	50 72
Sat.	42 62
Sun.	44 64
Mon.	48 52
Tue.	46 68
Wed.	65 82
Thu.	60 80
Fri.	62 72
Sat.	58 76
Sun.	48 62
Mon.	46 52
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Irish Serges, Scotch Home-spuns, British Tweeds and Worsteds, Plain and Belted Models.	This lot is chiefly imported British Tweeds and a few Don-egals and other weaves.	All the latest and smartest Business Models and Styles—perfect fitting.
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