

DeCiantis to Enforce Quinn's Utility Ideas

The Star-Tribune
To Turn to Telephone
Rates as Young Opens
Electricity Probe

July 8, 1937
By VERNON C. NORTON
(Staff Writer)

A 15-months interlude was the estimate placed today by Frederick A. Young on his investigation into electric utility rates before he will have a definite program in behalf of consumers. The report will come in the midst of the 1938 election.

While he resigned to make the comprehensive inquiry into rate structures, entering into a contract with Gov. Robert E. Quinn and Director Thomas A. Kennelly of the department of revenue and regulation to administer the \$250,000 fund, Michael DeCiantis of West Warwick began his first full day as chief of the division of public utilities.

Figuring prominently in changes effected by the Governor before he leaves tomorrow for France, Young and DeCiantis will share the responsibility of working out a constructive program of rate reductions, with



MICHAEL DECIANTIS

the latter expected to concentrate immediately on telephone charges, which were not included in the

Turn to Page Four, Col. Five

BACKS QUINN UTILITY IDEA

(Continued from Page One)

scope of the legislative resolution authorizing the utility survey.

KENNELLY'S STATEMENT

Outlining the program in a preview today, Kennelly said:

"It is seldom realized by the general public what tremendous responsibilities are placed upon the Division of Public Utilities.

"There is upon us the immediate duty of making an investigation of electric utility properties, placing rate-making on a permanent basis. When this tremendous task is completed, we have before us the important duties incident to effective regulation—deciding upon additions and improvements, checking up the service, guarding financial stability, promoting efficiency of operation, etc. These matters in the past have been grossly neglected and can only receive the proper and sufficient consideration and attention if and when the Utilities Division is organized and maintained on a high professional plane.

"It is positively essential to place the Division of Public Utilities upon the highest possible standards. The Division should include a permanent staff of engineers and accountants. This is not an original idea. The majority of the regulatory bodies in other states have been organized in this manner for years. As a result, they have a continuously maintained file of price data and first-hand information of original cost and reproduction cost. As a result of studies and analyses, they are thoroughly acquainted with requirements of working capital and the history of the inter-corporate relations and corporate financing, including disposition of both gross and net income over a period of years. The Division of Public Utilities in this State has no such information because the Division has never been equipped to acquire this knowledge, so essential to the intelligent regulation of utilities.

OUTLINES PROPOSALS

"It is our proposal:

"1. To make a comprehensive survey and valuation of all physical properties, investments and other assets used by the privately owned electric utility companies in the State, for the purpose of determining fair rates that the public should pay for the services rendered by said corporations and for the purpose of determining the yield on the investment to the stockholders of the respective corporations.

"2. To reshape the Division of Public Utilities and add a more or less permanent staff of experts, whom we are positive have the proper interest and who are familiar with utility properties from past associations.

"Unfortunately, we cannot have Mr. Young make this investigation as Chief of the Division of Public Utilities because the Chief of the Division of Public Utilities cannot be both a judge and an advocate of the public side. No honest person can dispute this fact. This is very clear when one considers that the function of the Division of Public Utilities is not as a prosecuting agency but rather to assure good service, fair compensation, honest securities, to protect consumers as to service and rates and to protect investors as to securities.

"On the other hand, were we to pursue the appraisal of these properties by the medium of a large, nationally-known engineering company, not only would the interest be absent but we would still have before us the task of reshaping the organization and selecting a permanent staff of experts, so essential to intelligent and effective regulation.

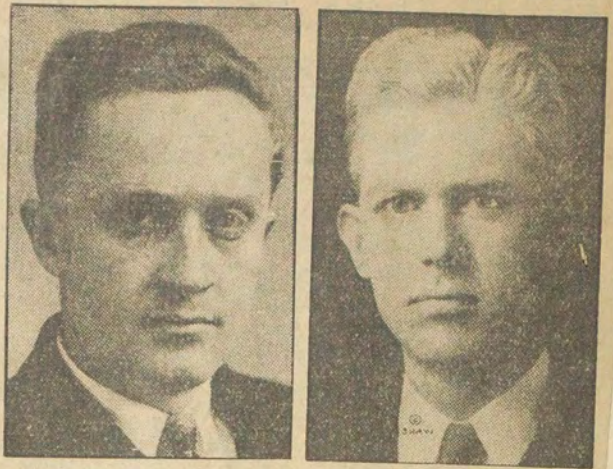
"After thorough consideration, it has been decided and I am thoroughly convinced that the most satisfactory course to pursue in making this investigation, one which will provide a future regulatory body of the highest standing and at the same time resolve itself into the most economical method of procedure, is to have the work carried on by Mr. Frederick A. Young, not as chief of the Division of Public Utilities but as a nindividual. In so doing, we are having the work executed by a man with whom we are all acquainted, one whose associations for the past 25 years makes him particularly fortunate in having available former associates recognize das experts in their particular field, whom he may select as members of his organization."

TO BAR SURCHARGE

DeCiantis, leaving behind a record as assistant to Attorney General John P. Hartigan which bordered on brilliancy, said today he will spend the next few weeks becoming personally familiar with all the details of the utilities division, hoping thereafter to put into effect many of the ideas treated by the Governor in his inaugural, and discussed subsequently. The first move will be toward complete elimination of surcharges for French telephone handsets.

Long recognized as one of Quinn's most devoted supporters, DeCiantis sees in his new position an opportunity to serve every consumer in Rhode Island, and with that end in view, he hopes to probe into rate structures affecting electricity, gas, telephone and water consumption, as well as trolley and bus rates under direct control of his division. A law partner of Governor Quinn, DeCiantis will give a personal interpretation to the executive's ideas on utility administration.

Immediate attention of the consuming public turned to the impending survey, which Young said would get under way within two weeks, just as soon as he can organize his staff, which will be expanded to include experts in their field. He has already discussed the problem with assistants to the Federal Power Commission in Washington, with the possibility one of its examiners will obtain a full year's leave of absence to aid in the Rhode Island survey. While serving as head of the util-



Michael De Ciantis (Left), Third Assistant Attorney General, Yesterday Was Given the \$5000 a Year Job as Chief of the Division of Public Utilities. John E. Mullen (Right), Fourth Assistant Attorney General, Moves Up to Fill the Position Vacated by Mr. De Ciantis.

Our Pat on the Back

Our pat on the back today goes to Gov. Robert E. Quinn and Thomas A. Kennelly, director of the State department of revenue and regulation, for pushing the probe into electric utilities.

ties division, Young obtained voluntary rate reductions amounting to \$1,300,000 from the utilities, some of them achieved through savings obtained by the companies when they refinanced their outstanding indebtedness. In being placed in command of the \$250,000 fund, Young is given a contract denied to other private companies because their estimates on costs exceeded the appropriation, made by the Legislature at the special December session.

Kennelly, central figure in the utility changes, praised Young's administration during the past two years, and forecast a successful survey in the interests of the consumers and the companies, with Young himself having very definite ideas on what basis he should proceed with his investigation. He will come into a fee of \$25,000, with \$200,000 more being placed at his disposal to organize the staff of his private company.

In installing DeCiantis in the utilities division, Kennelly joined in support of the governor's wishes. DeCiantis, upon leaving the attorney general's office yesterday, was warmly praised for his efficient services as a State prosecutor by Hartigan. The attorney general automatically promoted John E. Mullen to third assistant, and Hyman Lisker to fourth, leaving the fifth assistant's position open for Rep. John O. Pastore of Providence, chairman of the House corporations committee, who, will resign from the Assembly to assume his new duties.

QUINN CONTROLS

With DeCiantis becoming head of the utilities division, this agency comes under the direct control of the Governor, with a completely new personnel, former Lieutenant Governor James G. Connolly, Republican, and Dr. Charles A. White, Sr., of South Kingstown, being named July 1, the beginning of the new fiscal year. Kennelly, citing the \$250,000 appropriation made for the survey, predicted the ultimate savings to the consumers, as result of the survey, would more than justify the expenditure.

DeCiantis, forging ahead from humble beginnings, steps into administer the utilities division with the confident belief the Governor's ideas on lowering rates will prevail in the interest of the consumer. When the State committee was reorganized with the re-election of William A. Shawcross as chairman, DeCiantis was installed as treasurer. Whether he will retain this position in view of the important utility post he now holds has not been decided upon, it was explained today.

A staff of about 50 assistants will be organized by Young, with the inquiry director indicating Michael Keefe, associated as an engineer with the Massachusetts Public Service Commission for over a quarter century, would be placed in charge of the work. The appraisals will cover all the physical properties of the utilities, followed by a breakdown of the cost of production and consumption, thus arriving at the cost of distribution, usually cited as the principal cause of high rates.

Young takes over the inquiry task

only a few days after the Federal Power Commission listed charges in Providence and Pawtucket at about the 88th highest of municipalities within their position sphere.

FALL RIVER LINE MAY BE RESCUED

The Providence Journal
Newport and Fall River Men

Start Drives to Prevent

Closing of Services.

July 20, 1937

BOARD OF ALDERMEN ACTS

Senator Green's Office Says Hub
Office of NLRB Has Orders
to Work on Strike

Efforts were begun on several fronts yesterday to save the old Fall River Line, operation of which has been suspended. Employees of the line went on strike last week and have been evacuated from the line's steamer now docked at Fall River.

At Fall River and Newport civic groups started drives to save the line and bring about resumption of service.

The Newport Board of Aldermen, at a special meeting, authorized a resolution to be drawn up setting forth the "threat" to the seaport's tourist trade unless the suspension is lifted.

The National Labor Relations Board, according to the Washington office of Senator Theodore Francis Green, issued orders to its Boston office to intercede and if possible iron out the labor trouble.

Senator Green Interested

The NLRB was only one of several Federal agencies to which an appeal was made to save the line. It was learned yesterday that Senator Green, acting on the request of Newport citizens, has interested the Interstate Commerce Commission, the Maritime Commission and the Reconstruction Finance Corporation in the matter.

Meanwhile at Fall River, Joseph Albert, district business agent of the National Maritime Union, the C. I. O. affiliate which called the seamen's strike, said he had talked with Mayor Alexander C. Murray about the situation. The Mayor, Albert said, told him he was anxious to bring both sides of the controversy together for negotiations.

Albert said the union demands are still the same: recognition of the N. M. U. as sole bargaining agent; hiring of men through the N. M. U. halls; and settlement of questions on wages, overtime pay, and working conditions.

The New England Steamship Co., New Haven Railroad subsidiary which operates the line, sent a letter yesterday over the signature of John

Continued on Page 11, Column 7

*article continued
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Clipper Ship Ends Premier Ocean Flight

Southampton, Eng., July 8.—(AP)—The ocean-spanning Pan American Clipper III arrived here today from Foynes, Ireland, completing the final, 400-mile stage of its premier flight from America.

Botwood, Nfld., July 8.—(Canadian Press)—The Imperial Airways flying boat Caledonia took off for Montreal, 900 miles away, today on the second stage of its pioneering commercial airline flight from the British Isles to New York.

Brown Makes 49 Awards To Graduates

THREE INJURED IN ACCIDENTS

Three persons were slightly injured yesterday in accidents in various parts of the city.

William Sweeney, 31, of 277 Friendship street, was injured on the left arm when a piece of steel pierced it while he was repairing his automobile in the yard of his home. He was treated at the Rhode Island Hospital.

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eral is a serious matter which
ates your lordship's house more
cket House of Commons, both
mong inheritance point of view
pula a religious one.
rsey called out above the

#1

PHONE SET CHARGE ORDERED DROPPED

The Providence Journal
De Ciantis Gives Company One
Week to Comply with
His Order.

July 20, 1937
54,000 SETS NOW USED

"Appropriate Action" Planned if
Utilities Concern Fails to
Meet State's Demand

Michael De Ciantis, chief of the State Division of Public Utilities, yesterday ordered the New England Telephone and Telegraph Company to remove, within a week, the 15-cent additional charge on all hand set telephones in the State.

Last March 1, the company discontinued the 15-cent monthly surcharge for customers who had used the sets at least 18 months. That affected approximately 15,000 subscribers, leaving another 14,000 still paying the extra charge. Some 25,000 subscribers do not have to pay the charge because they have had sets more than three years.

Mr. De Ciantis, who was appointed division chief July 7, following the resignation of Frederick A. Young, who will direct a \$225,000 survey of electric power companies in the State, said he conferred yesterday with Harold A. Fasick, division manager of the telephone company, and requested the company to discontinue the 15-cent charge immediately.

Given One Week

"I have given the company one week in which to comply with my order," he said. "Mr. Fasick appeared to be very co-operative and stated that he will give me an answer on or before a week from today."

The division chief said that if the company refused to comply with his order, he would take "appropriate action."

He added, however, that he would be "reasonable" and protect the company, if telephone users made unreasonable requests for installation of hand sets.

Representatives of the company have contended that complete discontinuance of the surcharge which originally was 25 cents a month for three years, would result in the "junking" of many regular sets, because a vast majority of subscribers would demand immediate installation of the hand sets.

54,000 Sets in Use

There are about 54,000 hand sets now in use in Rhode Island. Mr. De Ciantis declared that his order today was in accordance with the recommendation of Gov. Quinn in his inaugural message last January. At that time the Governor said "In connection with the matter of public utilities, I recommend that the division at once look into the matter of the charge for French telephone sets because the profit of \$24,000,000 throughout the nation made by the company last year indicates that the charge for these instruments is all together too high."

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FALL RIVER LINE MAY BE RESCUED

Continued from Page 1.

F. Clark, agent at Fall River, congratulating the Fall River police on the manner in which they cleared the steamer of the crew which previously had declined to go ashore.

Union Enters Complaint

At the same time, the union complained its men had been "forced off" the boat. The union spokesmen called attention to the fact that in New York the striking crew was still aboard the Priscilla.

John L. Campos, Fall River member of the State Board of Arbitration and Conciliation, announced yesterday that so far as the issues involved in the strike are concerned, "they can be straightened out in a few hours."

Frank W. Dunham, president of the Fall River Chamber of Commerce, said yesterday he had talked by telephone with Frank Wall, vice president of the New Haven Railroad, and that Wall had said services were "temporarily suspended."

It had been indicated previously that the suspension would be indefinite.

Mayor Henry S. Wheeler and City Clerk W. Norman Sayer of Newport were authorized by the Board of Aldermen last night to draft a resolution setting forth Newport's position on the abandonment of the line and to send it to the railroad trustees.

Newport Isolated

The meeting was called by Mayor Wheeler to discuss the matter, as Newport suddenly found itself more or less cut off from New York by direct transportation. At present there are only two trains a day out of and into Newport, both to and from Boston.

During the day, the Chamber of Commerce sent a telegram of regret at the discontinuance of the line to General Manager J. H. Lofland of the New England Steamship Co. in which it urged the company to reconsider.

Mayor Wheeler sent the following telegram to President Howard S. Palmer of the railroad: "Newport urges you to amend decision to suspend Fall River line. Loss of service at this time causes great inconvenience to our permanent and summer residents. We had hoped efforts being contributed to increase passenger and freight traffic would be of assistance in retention of line, and city officials and Chamber of Commerce has been continuing these efforts. Suddenness of this decision on your part prompts request for conference between Newport interests and officials of your line in effort to obtain resumption of service on which Newport has depended for nearly a century. Pending final decision, may we have adequate rail service to care for requirements handled by boats up to now."

Senator Green's office interested itself in the fate of the line at the urgent request of Newporters, including Chairman John H. Greene, Jr., of the Newport Democratic City Committee, who yesterday urged assistance from the national administration in a move to have the boats run between Newport and New York.

Both the Maritime Commission and the Reconstruction Finance Corporation have been consulted in the situation, the latter as a creditor of the New Haven railroad, it was learned. Senator Green's office was given to understand the boat line has been paying its way.

The Interstate Commerce Commission will also be appealed to in the effort to save Newport from what Mr. Green calls "isolation."

In telegrams to U. S. Senators Peter G. Gerry and Green, Representative Aime J. Forand and Chairman Joseph Kennedy of the U. S. Marine Commission in Washington, Mr. Greene asked them to see if the Government could not take some action in the situation.

#3

NEWPORT PLEDGES AID TO SHIP LINE

The Providence Journal
Aldermen Offer Co-operation
in Rehabilitation of Steam-
ship Service.

July 21, 1937
SEE BIG LOSS TO CITY

Resolution Promises Efforts to
Increase Freight and
Passenger Traffic

The Newport Board of Aldermen yesterday offered to co-operate, to the full extent of its powers, in the rehabilitation of the Fall River Line, to increase its freight and passenger traffic and urged the immediate resumption of the steamship service through a resolution drafted by the City Clerk and signed by Mayor Henry S. Wheeler.

Copies of the resolution, which added that the board stood ready at all times to meet with and confer with representatives of the company to further the profitable operation of the line, were sent to President Howard S. Palmer of the New York, New Haven and Hartford Railroad, of which the steamship line is a subsidiary. Copies also were sent to James Lee Loomis and Henry B. Sawyer, trustees, and Frank J. Wall, vice president in charge of traffic, and to J. H. Lofland, general manager of the steamship company.

The resolution urged that plans be formulated for the continuance permanently "of this public necessity and convenience."

The preamble of the resolution pointed out that "the sudden suspension of service by the Fall River Line, after a period of nearly a century, had virtually isolated the city of Newport from direct communication with the city of New York; that the city of Newport is dependent upon summer visitors and summer residents for its social and economic life to a great extent, and the Fall River Line has provided a comfortable, reliable and direct method of transportation for these summer people, as well as the citizens of Newport, and caused, without doubt, many persons to purchase or erect summer homes in Newport.

"The suspension of the Fall River Line will cause a great decrease in the value of Newport properties, to the detriment and loss of all of our citizens," continues the preamble. "Within the next two weeks, the international yacht races, a sporting event of world-wide interest, will be held off Newport, and hundreds of sports followers from all over the world will depend upon the Fall River Line for transportation to Newport, and to follow the races in the steamships of that line.

"Efforts were being contributed by the Chamber of Commerce and other civic bodies to increase passenger and freight traffic with the intention of restoring to the line its former prosperity, and these efforts are still being carried on by city officials and the Chamber of Commerce."

The suspension of this line, it is asserted, seriously affects and inconveniences a very large area of southeastern New England, including Newport, Providence, Cape Cod and the south shore of Massachusetts.

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NEW HAVEN ROAD GOES BEFORE ICC

Providence Journal
Officials of Line Give Arguments for Pending Plan of Reorganization.
7/21/37

HEARINGS ARE CONTINUED

Commissioner Puts Them Over to Sept. 8 to Give Interveners Chance to Study Exhibits

From the Washington Bureau of the Providence Journal, 723 Fifteenth Street.

Washington, July 20.—After hearing officials of the New Haven Railroad present arguments and exhibits in favor of their pending plan for reorganization of the property, Interstate Commerce Commissioner Charles D. Mahaffie this afternoon continued until Sept. 8 the ICC proceedings in the case.

This, it was said, will give the more than a dozen interveners in the case, including Frederick W. Tillinghast of Providence, representing Edward B. Aldrich and others, an opportunity to study the voluminous exhibits in the case before proceeding to cross-examination of the four railroad witnesses who appeared today. In addition, it is not usual for the ICC to conduct hearings in late July or August.

At the same time it was announced at offices of the Wheeler Senate committee investigating railroads that there is no indication when the senatorial inquiry into New Haven affairs will get under way, although the staff is now being organized. Uncertainty, in view of the court fight and adjournment possibilities, as to when the committee can be assembled makes prediction as to when hearings will be held on the New Haven case impossible, it was said.

Frank J. Wall on Stand

E. G. Buckland, chairman of the board of the New Haven, who opened presentation of the case favorable to the reorganization, was succeeded on the stand by Frank J. Wall of Boston, vice president of the road in charge of traffic, including that on motor and steamship subsidiaries; George T. Carmichael, comptroller; and H. W. Dorgan, executive assistant to the road's trustees.

In connection with the reorganization move, Mr. Wall explained how experts have attempted to project probable revenues of the road during the next five-year period, based on present economic indications and other pertinent factors.

These forecasts indicate, Wall said, that annual passenger revenues during such prospective years will be about \$29,000,000, an increase of 16 per cent. over the actual passenger revenues for 1936. All evidence indicates, he said, "under any conditions like normal conditions, the worst in practice at Wallon Health a few lions. Henry Picard hurt his water wagon. . . Hagen, incidentally, pounds since climbing astride the galleries. . . Walter Hagen has lost 22 He drew far and away the biggest was the personala Guy of the team, Ryder Cup notes: Gene Sarazen the open."

Dudley said, "we just couldn't lift. . . After we won the cup." Big Ed down. . . in the fact that they had a let-down. . . in the fact that they reached their peak their failure in the British open to the Ryder Cup boys dismissed Guildahl. . . The winner meeting match, with the winner meeting to put up a purse of \$2500 for such a P. G. A. has expressed a willingness \$3000 to meet Denny again, and the man in Texas has offered Cotton engagement. Incidentally, a gentle come over to this side for a return

ANDERSON IS APPROVED 7/21/37

I. C. C. Accepts State Division Head in Motor Board.

From the Washington Bureau of the Providence Journal, 723 Fifteenth Street.

Washington, July 20.—The Interstate Commerce Commission's Motor Carrier Bureau today announced approval of R. Roscoe Anderson secretary of the Rhode Island State Division of Public Utilities, as a substitute member of joint boards sitting in cases involving interstate motor lines.

Mr. Anderson, under the I. C. C. order, may represent Rhode Island on such joint boards in the absence of Michael De Ciantis, chief of the public utilities division, who is the regular member.

and applied his winning hold. . . when he caught O'Mahony off guard. . . and he was being pushed in that fashion. . . yanked over O'Mahony's head and aged to roll clear every time he was Irish whips. Casey, however, man- and started applying his spectacular was reached. O'Mahony opened up After the three-quarter hour mark fall. . . on time did he threaten to score a. . . wristlocks, top body presses and va- early stages, when they swapped O'Mahony had the edge during the at 50:56. . . victory with a top body grapevine pounds less than his rival, gained the Fenway Park. . . Casey, who weighed 223½, 10 grappling tonight before 10,000 at Cork, during 90 minutes of cautious O'Mahony, his countryman from Ireland, gained a fall over Danno (Crusher) Casey from County Kerry. Boston, July 20.—(AP)—Steve

AT FENWAY PARK CASEY WINS BOUT

"Sure there are good ball players for hustle. . . begin to bear down in their demands will be harder and the scouts will for them. Starting today the work there will be plenty of work ahead tomorrow may rest assured that those who are asked to return again be made at the close of the day, and checking the arms. Another cut will ways, however, the scouts will be and outfields will be filled and there will be regulation base-running. Al- and outfields will be filled and there to pitch an inning or two, infielders Each pitcher will be given a chance ing games will start this afternoon. by the wayside, the business of fall- noon and if a sufficient number falls Another cut will be made this mean little to the scouts. . . their speed and control. Curves over, the former particularly for ers will be warmed up and looked their throwing. Pitchers and catch- infielders will be checked again in out on Monday. When this is over, have than they were the first time a more opportunity to show what they throwing ability. They will be given to be tested once more for their morning will be the outfielders, who bers." The first to get attention this what the scouts call "workable num- days. The camp now has reached somewhat from that of the past two

those cities, part of one of the heaviest passenger routes in the country; it includes the Back Bay station; the expense of double tracking, elimination of grade crossings and other im- Junior League clash. . . Gaubald topped Bucklin, 11-4, in a Mount Pleasant Park at Davis Park. League game at Merino Park. Davis League game at Merino Park. Senior Merino Park, 9-6, yesterday in a Valley Street Playground defeated

VALLEY STREET DEFEATS MERINO

LINE WOULD END BRISTOL SERVICE

Providence Journal
New Haven Branch Requests Authority to Discontinue Passenger Trains.
7/21/37
PETITION TO BE FOUGHT

DiCiantis Says He Will Fix Date For Hearing; Railroad Claims Two-Year \$130,000 Loss

The Providence, Warren & Bristol branch of the New Haven railroad yesterday sought to discontinue its passenger service, which, it claimed, has been operated at losses of more than \$130,000 in the past two years.

The petition, filed with the State Division of Public Utilities, immediately drew the promise of a fight by the affected communities from town officials. Michael De Ciantis, division chief, announced he would fix a date for a public hearing on the petition.

Town Solicitor William A. McSoley of Warren in a statement charged the line was acting selfishly, and Town Council President Prescott B. Paull of Bristol said he would seek prompt action against the proposal.

Mr. McSoley said: "I think they come with very poor grace when they attempt to discontinue the passenger service in Bristol County at a time when they are making plenty of money with the freight service.

"They don't want to discontinue the line. They want to get everything they can for their own benefit and do not care if they discommode the residents of Bristol County.

"It was through poor management that the passenger service was lowered to its present level. When they were making money, they jacked up the fares twice until the passengers were forced to leave the railroad."

Deny Public Interest Hit

The petitioners maintain that passenger service cannot be operated on the branch line "except at a substantial loss"; that a feasible reorganization of the branch line is impracticable "if such losses continue," and the discontinuance of passenger service "will not unduly affect the public interest."

This petition comes two months after Frederick A. Young, former division chief, rejected the New Haven Railroad's petition to abolish zone fares and sell tickets on the two cent-a-mile basis on the Providence.

Warren & Bristol branch, and also to abandon four trips a day, leaving only three round trips in the morning and three in the late afternoon.

At a public hearing last April, individual citizens and representatives of organizations in Bristol County and East Providence protested against the proposal to abolish the zone rates and curtail the service.

The petition filed with Mr. De Ciantis yesterday is from the trustees of the Providence, Warren & Bristol. It is signed also by Eugene J. McElroy, attorney, and E. J. Phillips of Swan, Keeney & Smith, of counsel.

Reports \$130,000 Losses

The petition cites an operating loss of \$66,202.30 in passenger service on the branch line for the year ending March 31, 1935, and a similar loss of \$64,724.12 for the year 1936.

Numerous attempts have been made to stop the passenger service losses at which the P. W. and B. has been operating for "many years," the petition stated. The petitioners are charged with operating the railroad economically and efficiently and with conserving the assets of the line so that the creditors and security holders may "retain some part of their investment."

The petitioners are convinced that passenger service cannot be operated except at a substantial loss and that the discontinuance of such service will not unduly affect the public interest.

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These forecasts indicate, Wall said, that annual passenger revenues during such prospective years will be about \$29,000,000, an increase of 16 per cent. over the actual passenger revenues for 1936. All evidence indicates, he said, that "under anything like normal conditions, the southern New England territory will provide as large a volume of potential passenger traffic as it did in the past," adding that the fare reductions of last year "not only stimulated new rail travel, but also accelerated the return to the railroad of a large number of passengers who had been travelling on the highways."

Wall pointed out, however, that the New Haven must carry substantially the same number of passengers in prospective years as it did in 1928 and 1929 in order to realize the \$29,000,000 annual revenue. Revenue in those pre-depression years was \$47,000,000 annually, or \$18,000,000 more than the forecast, the difference being the result of fare reductions.

Freight Revenues Estimated

Gross probable freight revenues projected on the same basis, Wall said, indicate probable annual receipts of \$50,296,000, or \$49,000,000 net, although admittedly estimates of probable freight revenues are difficult in view of diversion of freight to other transportation media and rate reductions, as well as the factor of the depression.

Breaking down the \$87,500,000 estimated annual revenue of the road spoken of by Buckland, Wall said:

"Compared with the average year for the 1927 to the 1936 period, our estimated freight revenue for the prospective year of \$49,000,000 is \$5,828,000 less than for the average year. Passenger revenue for a prospective year is \$29,000,000 or \$4,428,000 less than for the average year. All other revenue for a prospective year is \$9,500,000, or \$1,877,000 less than for the average year. Total operating revenues for a prospective year, \$87,500,000, are \$12,132,000 less than for the average year."

Mr. Dorigan and Mr. Carmichael presented series of exhibits showing financial and other aspects of the road and its subsidiaries at present and as

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Mr. Anderson, under the I. C. C. order, may represent Rhode Island on such joint boards in the absence of Michael De Ciantis, chief of the public utilities division, who is the regular member.

they are expected to appear after the proposed reorganization.

Included in Mr. Dorigan's exhibits was a "severance study," showing estimated results of the segregation, among others, of the Old Colony System, including the Old Colony, Boston & Providence, and Providence, Warren & Bristol Lines, and severance of the Old Colony Railroad, including the Providence, Warren & Bristol, but excluding the Boston and Providence.

The first severance plan, he said, would reduce the deficit shown by the segregation studies by \$110,515 per year, and the remainder of the system would show a reduction in the amount available for fixed charges of \$996,458. The second, he said, would reduce the deficit by a slightly larger and the fixed charges by a slightly smaller amount.

Bristol Line Long a Loss

"It will be noted," he said, "that inclusion or exclusion of the Boston & Providence Line does not materially change the results shown for the severed properties or the balance of the New Haven system. However, it is an important operating route having numerous strategic advantages."

Under the heading of proposed abandonment of trackage, Carmichael devoted some attention to the Providence, Warren & Bristol road, stating that passenger operation thereon has been "conducted at a loss for a number of years." He called attention to a pending application before the R. I. Utilities Division for abandonment of all passenger service on this line.

"If this authority is granted," he said, "it will be possible to abandon certain small passenger stations and also to eliminate the section of track between Riverside and Warren, a distance of approximately 5.82 miles. However, as this question will not be settled in the immediate future, it did not seem advisable at the present time to include any estimate of retirement of this property."

The hearings are being held under requirements of the national bankruptcy act.

The position of the railroad in the transportation field between New York and Boston is in no way impaired by its proposed plan, Chairman Buckland told the commission. The plan, he said, contemplates issuance of new securities to creditors and stockholders, consisting of fixed interest-bearing bonds, income bonds, first and second preferred stock and common stock. Except for the possible abandonment of unproductive branches, the integrity of the system as a whole is to be maintained, he insisted.

Grants Leave to Intervene

At the outset, the commission granted leave to intervene in the plan to a large number of individuals and corporations, including the Boston Port Authority, Pennroad Corp., a Pennsylvania railroad holding company; Old Colony railroad, Railroad Credit Corporation, the State of Rhode Island and the Commission on Foreign and Domestic Commerce of Rhode Island.

The Rhode Island petition was filed by Lieutenant Governor Raymond E. Jordan. He informed the commission that the New Haven is the only railroad serving the State of Rhode Island. He said it was of vital interest to the State and its citizens that the re-organization plan for the carrier to be formulated or approved by the commission, be compatible with the public interest.

The outstanding feature, Buckland said, is the plain purpose of the directors to restore credit and to reduce fixed charges to prevent recurrence of financial embarrassment. He said the fixed charges would be reduced approximately one-half by the new plan, that is, from \$20,329,920 in 1935 to an estimated total of \$9,942,209.

"An estimate of trends of traffic and transportation conditions indicate a probable gross operating revenue of \$87,500,000," he said.

"The Boston and Providence" he said, "covers the main line between

LINE WOULD END BRISTOL SERVICE

Providence Journal
New Haven Branch Requests
Authority to Discontinue
Passenger Trains.
7/21/37
PETITION TO BE FOUGHT

DiCiantis Says He Will Fix Date
For Hearing; Railroad Claims
Two-Year \$130,000 Loss

The Providence, Warren & Bristol branch of the New Haven railroad yesterday sought to discontinue its passenger service, which, it claimed, has been operated at losses of more than \$130,000 in the past two years.

The petition, filed with the State Division of Public Utilities, immediately drew the promise of a fight by the affected communities from town officials. Michael De Ciantis, division chief, announced he would fix a date for a public hearing on the petition.

Town Solicitor William A. McSoley of Warren in a statement charged the line was acting selfishly and Town Council President Prescott B. Paul of Bristol said he would seek prompt action against the proposal.

Mr. McSoley said: "I think they come with very poor grace when they attempt to discontinue the passenger service in Bristol County at a time when they are making plenty of money with the freight service."

"They don't want to discontinue the line. They want to get everything they can for their own benefit and do not care if they discommode the residents of Bristol County."

"It was through poor management that the passenger service was lowered to its present level. When they were making money, they jacked up the fares twice until the passengers were forced to leave the railroad."

Deny Public Interest Hit

The petitioners maintain that passenger service cannot be operated on the branch line "except at a substantial loss"; that a feasible reorganization of the branch line is impracticable "if such losses continue," and the discontinuance of passenger service "will not unduly affect the public interest."

This petition comes two months after Frederick A. Young, former division chief, rejected the New Haven Railroad's petition to abolish zone fares and sell tickets on the two cent-a-mile basis on the Providence,

Warren & Bristol branch, and also to abandon four trips a day, leaving only three round trips in the morning and three in the late afternoon.

At a public hearing last April, individual citizens and representatives of organizations in Bristol County and East Providence protested against the proposal to abolish the zone rates and curtail the service.

The petition filed with Mr. De Ciantis yesterday is from the trustees of the New Haven and the trustees of the Providence, Warren & Bristol. It is signed also by Eugene J. McElroy, attorney, and E. J. Phillips of Swan, Keeney & Smith, of counsel.

Reports \$130,000 Losses

The petition cites an operating loss of \$66,202.30 in passenger service on the branch line for the year ending March 31, 1935, and a similar loss of \$64,724.12 for the year 1936.

Numerous attempts have been made to stop the passenger service losses at which the P. W. and B. has been operating for "many years," the petition stated. The petitioners are charged with operating the railroad economically and efficiently and with conserving the assets of the line so that the creditors and security holders may "retain some part of their investment."

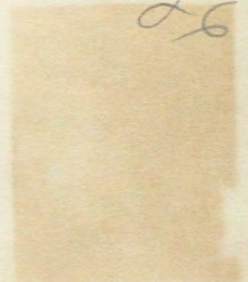
The petitioners are convinced that passenger service cannot be operated except at a substantial loss and that the discontinuance of such service will not unduly affect the public interest.

those cities, part of one of the heaviest passenger routes in the country; it includes the Back Bay station; the expense of double tracking, elimination of grade crossings and other improvements necessary to develop the most available alternative route would be about \$3,000,000 and even then the passenger service over the Boston and Providence line probably would have to be continued under an operating arrangement; the separation of the Boston and Providence would substantially increase the payments which now have to be made under the Providence Terminal agreement."

Terms Road "Essential"

"I believe," said Buckland, "that the preservation of existing railroad systems instead of having them disrupted through separate proceedings by various groups of credits is certainly one of the fundamental purposes of section 77."

Wilbur Laroe, Washington attorney representing the Rhode Island State Commission on Foreign and Domestic Commerce, in his brief, stated it is "essential to the welfare of the people of Rhode Island and its industries" that it be permitted to question witnesses and intervene in the case.



PS

FALL RIVER LINE DROPS BOAT TRAIN

The Providence Journal
General Agent Blames Labor

Walkout for Suspension of
Spindle City Service.
7/22/37

BETTER TRAIN TABLE DUE

New Haven Replies to Request of
Mayor Wheeler as He Contacts
Other Executives

John F. Clark, general agent of the New Haven railroad which owns the suspended Fall River Steamship Line, announced yesterday that the Fall River boat train, said to be the oldest of its kind in the world, had been terminated. The strike of 250 crew members of the steamers Priscilla and Commonwealth, which caused the line's suspension, also were responsible for ending the train service, the general agent said.

Mayor Henry S. Wheeler of Newport yesterday received assurance from President Howard S. Palmer of the New Haven railroad that a more adequate rail service to Newport would be provided to offset the elimination of the Fall River Line boats. The message to Mayor Wheeler was in response to a request sent by the Mayor after the Newport Board of Aldermen had asked for better transportation facilities for the city.

Mayors May Confer

Mayor Wheeler earlier yesterday communicated with Mayor Alexander C. Murray of Fall River and Mayor Leo E. J. Carney of New Bedford suggesting a Mayors' conference on the transportation situation precipitated by the abandonment of the line.

Representatives of the National Maritime Union, a C. I. O. affiliate, conferred in Boston with A. Howard Myers, New England Regional Director of the National Labor Relations Board, and John L. Campos of the State Board of Conciliation and Arbitration. It was indicated that Campos would endeavor to bring about negotiations between the union and the company for settlement of the strike and reopening of the line.

At Fall River a committee from the union conferred with the city's Board of Public Welfare in regard to relief for men who had been discharged from the Commonwealth. Union officials also sent word to Fall River men aboard the Priscilla at New York, asking them to return to Fall River.

Agent Clark said the Common-

S. T. Our Pat On^{7/22} The Back³⁷

Our pat on the back today goes to Michael DeCiantis, head of the State Division of Public Utilities, for his efforts to have removed the monthly charge for French telephone sets.

wealth will be moved from Fall River and tied up in Newport.

Company Called "Tough"

A statement charging the company's policy had been "anti-labor" ever since it was founded was issued yesterday by the National Maritime Union's strike committee.

It termed the company "tough and hardboiled" and charged it retired "workers with long service on a miserable \$20 a month," and gave workers to "understand that to get hurt was to get fired."

Efforts of Mayor Murray of Fall River to arrange a peace conference to save the line from extinction were continuing yesterday after being stalemated by labor's refusal to negotiate unless 170 seamen were allowed to return to the Steamer Commonwealth, from which they were evicted by police Sunday.

Two new complications to settlement of the issue have arisen. Representatives of the maritime union, C. I. O. affiliate, have informed Mayor Murray, that in addition to the original demands of the seamen, they now want a 10 per cent. advance in wages retroactive to Jan. 1, 1932.

Furthermore, licensed personnel aboard the Commonwealth, the members of the Masters, Mates, Pilots, Radio Men's and Engineers Union, would declare a sympathy strike "within 48 hours," it was announced.

In New York, where 180 sit-down strikers are aboard the docked liner Priscilla, N. M. U. officials sought means of getting food to the men. Pier guards would not permit friends to carry supplies to the strikers, they contended. In a protest to Mayor F. H. LaGuardia, they charged operators of the line had hired "gunmen and thugs" to intimidate the crews.

NEWPORT ELECTRIC SEEKS NOTE ISSUE The Providence Journal Would Use \$442,848 For Expansion of Its Gen- erating Facilities³⁷

The Newport Electric Corporation asked the State Division of Public Utilities yesterday for permission to issue notes totalling \$442,848 to meet part of the cost of a \$500,000 addition and equipment of its generating plant at 449 Thames street.

Michael DeCiantis, division chief, set next Wednesday morning at 11 o'clock as the time for a public hearing on the petition.

The company specifically requested authorization to issue \$300,000 in notes at 4½ per cent. interest, due in nine months, and renewable thereafter to the Utilities Power and Light Company, Ltd., of Canada and to issue \$142,848 in notes at 4 per cent. payable over 36 months to the Westinghouse Electric and Manufacturing Company.

The petition signed by William P. Sheffield, president, states that proceeds of these notes with additional sums already available to the company will be used for the \$500,000 addition to its plant.

DENIES PENN. R. R. RUNS NEW HAVEN Providence Journal 7/22 Vice President of Lat³⁷ Road Says Little Over 4% of Stock Held

Boston, July 21.—(AP)—Arthur P. Russell, vice president of the New York, New Haven and Hartford Railroad, today denied before a legislative commission that the railroad was controlled by the Pennsylvania System.

Russell told the special commission investigating port conditions that the Pennsylvania Railroad "owns a little over four per cent." of the New Haven road's stock.

To this statement, Samuel S. Silverman of the commission, observed: "You know and I know that it is possible for a corporation to be controlled by persons holding only a small part of the total stock."

Referring to a document which purported to be a report of the Interstate Commerce Commission, Silverman stated that the "I. C. C. held that the Penn railroad controlled the New Haven."

Russell replied that the report "was 10 or 12 years old."

Silverman shot back: "Not the report I mean. This one is only four or five years old. I am sure."

WARWICK TO SEEK CROSSING LOANS The Providence Journal Will Ask State to Aid In Elimination of 7/22 Railroad Dangers¹⁹³⁷

The Warwick City Council's special committee which is seeking the elimination of grade crossings in the Chepianoxet section of the city decided last night to take its problem to State officials and seek the latter's co-operation in obtaining a PWA loan and grant.

After conferring with other city officials, the committee, consisting of Council President Thomas Casey Greene, chairman, and Councilmen Harold L. Collom and Lambert L. Lind, agreed that whatever steps are required should be taken at once to guard against a repetition of the recent tragedy which took three lives on July 3.

The most logical plan for the elimination of the crossings, the committee decided, is that drawn up by the New York, New Haven & Hartford Railroad in 1930—a plan whose development was halted by the railroad's financial difficulties. This provides for the converging of streets on the Chepianoxet and Arnold Plats on the north side of the tracks at a single underpass to be located east of Arnold avenue, and subsequent abandonment of present grade crossings leading from Post road into the plats. This is the plan that will be laid before Charles F. McElroy, State Director of Public Works, by the Warwick committee.

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PJ The Bristol Branch

Whether the Providence, Warren and Bristol Railroad is actually moribund as a passenger line and ought to discontinue service except as a freight carrier is a question that no one can very well decide offhand. When the decision is made, the action ought to be taken in full consideration of the interests of the territory which the railroad serves.

Accordingly it seems imperative that the facts and factors bearing on the problem should be fully ascertained and analyzed for presentation at the hearing which will be held by the State Division of Public Utilities on a petition by the trustees of the Providence, Warren and Bristol and New Haven Railroads for permission to discontinue the passenger service.

The Riverside section of East Providence and the three towns of Bristol County comprise the territory affected. Their further development as suburban areas may well be seriously involved. The only alternate method of public passenger transportation available to them is by bus, at higher fares and under other conditions less satisfactory than by rail, as in point of travel time, close adherence to schedules, route followed, comfort and general convenience.

The transportation bill of the average Bristol County daily commuter who uses the railroad exclusively might be increased by as much as fifty dollars per year through enforced patronage of the bus line. It is probable that his transportation bill would be more than doubled if he used a private automobile exclusively for commuting. Such considerations properly enter into any discussion of public convenience and necessity.

It is the private automobile that has been largely responsible for loss of passenger business by the railroad, with bus competition also playing a part and the type of rail service offered perhaps an additional factor of some consequence. But it would be interesting to know what the effect would be of a whole-hearted effort on the part of the railroad itself to win old customers back and attract new ones by offering excellent service with modern equipment, and on that basis soliciting patronage from motorists, most of whom probably have not figured out how much they are paying for transportation.

7/22/37

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N. E. T. & T. CUTS HAND SET RATES

July 22, 1937

Announcement of Reduction in
Fee Fails to Satisfy State
Utility Head.

The Providence Journal INVESTIGATION IS ORDERED

Company Seeks to Retract Part of
Schedule as De Ciantis Says
He Will Not Stop Fight

Announcement was made by the New England Telephone & Telegraph Company last night that it had reduced its monthly charge for hand sets from 15 cents to 10 cents a month and shortened from 18 months to a year the period during which the charge applies. The reductions are to go into effect Sept. 1.

The announcement was followed by a statement by Michael De Ciantis, newly-appointed head of the State Division of Public Utilities, that the reductions did not meet his demand for complete cancellation of the hand set charge, made on Monday. He said he had given a representative of the company notice that "the charges were unjust and discriminatory" and had ordered a summary investigation. A date for a hearing will be announced by Mr. DeCiantis within 10 days, he said.

The reductions filed by the company included a reduction from \$2 to \$1.50 for charges from wall or desk sets to hand sets.

Mr. DeCiantis said that after he had given notice of an investigation, the company's representative, Harold A. Faisick, division manager, wished to withdraw the reduction from \$2 to \$1.50, but said he told him "he could not do any such thing, that

Continued on Page 14, Column 3

article continued
next page #1

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#1

N. E. I. & T. CUTS HAND SET RATES

7/22/37

Continued from Page 1, Col. 2.

the new rate automatically went into effect and he was powerless."

The telephone company's announcement stated that the reductions to be put into effect would save New England customers about \$60,000 for the balance of the year.

Mr. De Ciantis issued the following statement:

"When Mr. Faisick, division manager for the telephone company, filed the reduction today, the reduction and surcharge on the hand phone from 15 cents to 10 cents, and reducing the terms from 18 months to 12 months, and the reduction from \$2 to \$1.50 on changing the desk phone to a French telephone, I told him that we had been successful in obtaining a reduction to which the people are entitled but that the telephone company did not comply with my request to discontinue the surcharge in its entirety.

Company Denies Request

"I then asked him if the telephone company intended to comply with my request. His answer was 'No.' I told him that I felt that the surcharge was still unfair and unjust; that the reduction does not satisfy me. I immediately served him with notice in writing that the charges were unjust and discriminatory and ordered a summary investigation. The date of the hearing will be set by me 10 days after notice, as the law provides.

"I made Mr. Faisick understand that if the telephone company was not going to comply with my request and was going to fight, I welcomed the fight, and there will be no stop to it until the matter is ended.

"He then wished to withdraw the petition reducing the charge from \$2 to \$1.50 for changing the desk telephone to a hand phone. I told him he could not do any such thing, that the new rate automatically went into effect and he was powerless.

"I wish to call the attention of the public that the surcharge and the charge on the changing from one telephone to another has been changed as heretofore stated and will go into effect Sept. 1.

Show Cause Ordered

"In the meantime, I shall order the telephone company to show cause why they should have any surcharge at all."

The telephone company's announcement revealed that there are 587,000 hand sets in service in the five New England States, of which it estimated that 480,000 will be free of further charge after Sept. 1.

The immediate effect of the new rate, the company said, will be to discontinue the charges on about 58,600 hand sets, divided among the States as follows: Maine, 5335; Massachusetts, 42,025; New Hampshire, 3540; Vermont, 1940; Rhode Island, 5766.

It has been estimated that there are about 54,000 hand sets now in use in Rhode Island, most of which, according to the company's estimate, will be free of further charge after Sept. 1.

The new schedules also apply to changes from wall or desk sets to hand sets, and at the same time reduce the charge for the change from \$2 to \$1.50.

STATE INSISTS ON PHONE CUT

— 7/22/37

DeCiantis Serves Notice for Abolition of 10 Cent Surcharge

The Star-Tribune

Refusing to accept a one-third reduction in surcharges on French handsets as a compromise, Chief Michael DeCiantis of the State division of public utilities announced today he is forwarding a supplementary notice to the New England Telephone & Telegraph Company that all assessments must be eliminated in Rhode Island.

He sent the supplementary notice to cover the 10 cent monthly charge which the company will put into effect after September 1. He had already served notice on the 15-cent charge. DeCiantis said that just as soon as he wins his fight to abolish all surcharges, he will move to deprive the telephone company of extra assessments for telephone extensions.

The company's reductions, disclosed exclusively in the late editions of yesterday's Star-Tribune, were filed with the utilities division by Harold A. Faisick, manager of the Providence division, but DeCiantis informed him they were not acceptable as a compromise. He said Faisick then attempted to withdraw part of the concessions but he refused to allow him.

The company's revised schedules, affecting New England States, called for a reduction from 15 to 10 cents on the monthly charge, to cover a year instead of 18 months. It also agreed to slash the charges from wall or desk sets from \$2 to \$1.50 monthly. The company estimates 5766 telephones would be affected by the reductions.

Said DeCiantis:

"When Mr. Faisick, division manager for the telephone company, filed the reduction today, the reduction and surcharge on the hand phone from 15 cents to 10 cents, and reducing the terms from 18 months to 12 months, and the reduction from \$2 to \$1.50 on changing the desk phone to a French telephone, I told him that we had been successful in obtaining a reduction to which the people are entitled but that the telephone company did not comply with my request to discontinue the surcharge in its entirety.

'CHARGE UNFAIR'

"I then asked him if the telephone company intended to comply with my request. His answer was 'No.' I told him that I felt that the surcharge was still unfair and unjust; that the reduction does not satisfy me.

"I immediately served him with notice in writing that the charges were unjust and discriminatory and ordered a summary investigation. The date of the hearing will be set by me 10 days after notice, as the law provides.

"I made Mr. Faisick understand that if the telephone company was not going to comply with my request and was going to fight, I welcomed the fight, and there will be no stop to it until the matter is ended.

TRIED TO WITHDRAW

"He then wished to withdraw the petition reducing the charge from \$2 to \$1.50 for changing the desk telephone to a hand phone. I told him he could not do any such thing, that the new rate automatically went into effect and he was powerless.

"I wish to call the attention of the public that the surcharge and the charge on the changing from one telephone to another has been changed as heretofore stated and will go into effect Sept. 1.

"In the meantime, I shall order the telephone company to show cause why they should have any surcharge at all."

PWA MAY AID RAIL CROSSING ELIMINATION

July 22, 1937

Warwick Council Group Seeks Chepiwanoxet Project Loan

Pawtuxet Valley Office
The Star-Tribune
76 Lenox Ave. W. W. } Phone Valley 455-J

The committee appointed by the Warwick City Council, consisting of Council President Thomas Casey Greene, chairman; Councilmen Dr. Harold L. Collom and Lambert L. Lind, to investigate the possibility of having the grade crossings on New Haven railroad in the Chepiwanoxet section eliminated, decided at a meeting last night to seek the cooperation of State officials in obtaining a PWA loan and grant.

The plan as drawn up by the N. Y. N. H. and H. railroad in 1930, which was halted by financial difficulties of the company, was considered to be the most logical plan for the elimination of the crossings. This plan provides for the converging of streets on the Chepiwanoxet and Arnold Plants on the north side of the tracks at a single underpass to be located east of Arnold avenue, with the present grade crossings to be abandoned.

The committee will place this plan before State Director of Public Works Charles F. McElroy for his consideration.

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TOWNS TO OPPOSE RAIL CURTAILMENT

The Providence Journal
Officials of Barrington, Bristol
and Warren Confer
on Plan.

BETTER SERVICE SOUGHT

Large Group Expected to Appear
at Hearing on Petition to Drop
Passenger Trains

Opposition to abandonment of passenger service on the Providence, Warren and Bristol branch of the New Haven railroad spread through Bristol county yesterday as officials of Bristol, Warren and Barrington conferred on legal steps to fight the proposed change.

Meanwhile, in Washington, George T. Carmichael, comptroller of the road, revealed that the New Haven plans to abandon only one of the double tracks between Riverside and Warren if it wins the right to discontinue passenger service on the Providence, Warren and Bristol branch.

The New Haven, Carmichael said, would eliminate 5.82 miles of track between Riverside and Warren, but he made it clear that a single track would continue in operation. The line does considerable freight business among manufacturers and other concerns south of Riverside, and no proposal to abandon this business has been made.

Officials Join Fight

In Bristol county, one town official after another took up the fight against abandoning passenger service on the P., W. and B. branch.

Expressing his willingness to cooperate with any move to stop the railroad from discontinuing passenger trains now running, Town Councilman Norman H. Mann of Warren said that "as a matter of fact, we should have better service."

His view was echoed by Councilman Joseph J. Dennis of Bristol, who said "the people of Bristol deserve a better deal than that. I believe that

if the rates were lower more people would patronize the railroad."

Town Solicitor Joseph A. Hammill of Bristol announced that he was preparing to appear against the railroad's petition before the State Division of Public Utilities to "protect the town's rights."

Council President Prescott B. Paul of Bristol conferred with Mr. Hammill and Council President Harry W. Bernstrom of Barrington conferred with Town Solicitor Lester S. Walling on the legal aspects of the fight to save the service.

From Councilman John W. Parker of Barrington came the suggestion for a series of protest meetings and a conference between the Bristol

County Transportation Committee, a civic group, and Bristol county's delegations in the General Assembly.

Also on record against abandonment of the service was Councilman Charles W. Dubois of Warren. He said: "I am positively against this plan. I can see no good reason for letting the railroad get away with this. The Town Council should cooperate because it would affect the people very directly."

The determination of the town officials who have thrown themselves into the fight to save the passenger service was expressed by Council President Bernstrom of Barrington, when he said:

"We expect to make every possible

effort to maintain railroad service for the town of Barrington. We intend to collect all the information we can so that we can present our side of the case to the Director of Public Utilities. We hope to be able to show the director that we are entitled to passenger train service in Bristol County."

FIGHT FOR LINE AT NEWPORT

The Star-Tribune 7/23/37
Sen. Green Predicts Fall
River Boats to Resume
by End of Month

While Newport planned a desperate fight today against isolation through threatened abandonment of the Fall River Line to New York, Sen. Theodore Francis Green expressed confidence at Washington the line would reopen soon.

Mayor Henry S. Wheeler and City Solicitor Jeremiah A. Sullivan will attend a hearing on the petition for the abandonment of the line in U. S. District Court at New Haven Tuesday. The petition was filed by the New Haven railroad, parent company of the line.

Although Newport greeted the request of the railroad trustees for abandonment of the line with distress, Sen. Green said that he had

conferred with Howard Palmer, New Haven president, and that he expected the line to resume operations by the end of the month.

The Senator said he was confident the labor dispute involving the line would be settled through conferences with the National Labor Relations Board.

All the striking workers on the steamer Commonwealth called at the Fall River wharf ticket office yesterday to accept their pay checks. They did so on advice of union officials, they said. The union was forced to adopt this course as most of the men are non-residents of Fall River and therefore ineligible to secure welfare aid.

S. T. OFF WITH THE CHARGE 7/23/37

Apparently the New England Telephone & Telegraph Company, which is an affiliate of the telephone monopoly in the United States, has been playing a rather loose game of give and take—mostly take—with its patrons in Rhode Island. It continued to charge 25 cents a month extra for handsets, commonly but erroneously known as "French phones", until Gov. Quinn called the turn last winter and forced a ten cent reduction.

But at the same time, in some other States the charge, because of the stubborn resistance of the regulating authorities, was completely abandoned. Now comes Chief Michael DeCiantis of the State Division of Public Utilities with a flat demand that the company rescind the entire remaining charge of 15 cents. He will not accept a reduction to ten cents and a cut from 18 months to 12 months, the period during which the charge is to remain in effect for new installations.

Moreover, the division chief announces that he will press for immediate elimination of the extra service charge for installation of telephone extensions. It is time for drastic action. The division has been remarkably patient with the telephone company. Too patient to suit public opinion.

PHONE SHIFT FEE BANNED

Star-Tribune 7/23/37
DeCiantis Prohibits \$1.50
Exchange Charge; Ac-
cepts Handset Cut

An order prohibiting the New England Telephone and Telegraph Co. from putting into effect its proposed \$1.50 assessment charge for exchanging telephones from a desk set to a hand set was issued today by Michael DeCiantis, chief of the Division of Public Utilities.

The division chief said, "after investigating the files, I have found that the New England Telephone and Telegraph Co. has had no authority to charge any tariff for the exchange of a telephone from a desk set to a hand set since March 16, 1932.

"I have, therefore, issued an order for the suspension of the \$1.50 tariff charge, which the company has filed in this division to become effective Sept. 1, and I am notifying the company to that effect. I have, however, accepted the reduction of the surcharge from 15 cents to 10 cents and the term from 18 months to 12 months, which change becomes effective Sept. 1.

"I therefore give notice to the public that if any charge is made by the company in exchanging a desk set for a hand set the matter is to be reported to this division."

DeCiantis said he has not abandoned his decision to have the entire charge for hand sets removed,

NEWPORT WATER HEARING

Case is Resumed Before Commissioners Named by Court.

Hearings on the City of Newport vs. the Newport Water Corporation suit to determine the value of the corporation properties were resumed before the three commissioners appointed by the Superior Court at Newport yesterday. Due to the illness of Chairman J. P. Mahoney of the commissioners, the hearings had not been held for several weeks.

Counsel for the corporation continued to introduce into the records the deeds to the various real estate pieces of the corporation with Treasurer George N. Buckhout locating them on the map and describing their purchase prices.

The hearing will be continued today.

Providence Journal 7/24/37

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UTILITY TO BUILD BIG POWER UNIT

The Providence Journal
Old U. E. R. Plant Is Made
Nucleus of \$4,000,000
Expansion Project.
July 28, 1937
TO BE READY NEXT SPRING

Manchester Street Job Is First
Major Addition to Service
Since 1925

Plans for installation of one of the largest power units in New England in conjunction with the \$4,000,000 expansion of the Manchester street plant were announced yesterday by the Narragansett Electric Company through President Samuel C. Moore.

The Manchester street property was acquired four years ago from the United Electric Railways Company.

When completed, the new plant will have a total output of 70,000 kilowatts, and will care for industrial and domestic demands of customers which Mr. Moore said have grown considerably with improved business conditions.

"The objective is to avoid too great concentration of power at any one point," Mr. Moore said, "a feature which in other localities has resulted disastrously in several instances during the past year or so."

To Be Completed in 1938
The Manchester street expansion, to be completed by the spring of 1938, will have slightly more than half the capacity of the present South street plant, main generating unit of the Narragansett company.

The company indicated that no public financing of the \$4,000,000 improvement will be sought until the work is finished.

First Expansion Since 1925
The expansion program is the first major expenditure of the Narragansett company for additional capacity since 1925. It is being planned, Mr. Moore said, because "since 1925, electrical usage in the Providence area has practically doubled and present consumption is substantially above the peak attained in 1929."

"The present demand for power," Mr. Moore said, "further emphasizes the fact that Rhode Island is fast assuming the place of importance it held as an industrial and manufacturing center prior to the depression."

Acquired in 1933
The station to be enlarged was acquired by the Narragansett Electric Company in 1933 after the Public Utilities Commission had authorized the acquisition at a cost of \$1,830,000. Prior to that, the United Electric Railways Company had sold the property to the Power Realty Company, an intermediary firm,

which held it about a year. The sale of the Manchester street plant, located at Eddy street, Allens avenue and Butts street, by the U. E. R. Company, was attacked before the Utilities Commission by the late John P. Beagan, a "holdout" minority stockholder of the old Narragansett Electric Lighting Company, who said the New England Power Company, controlling both the light and trolley firms, thought the lighting company could carry the plant better than the trolley company.

Officials of the Narragansett and of the New England Power Company, however, held that the Manchester street plant would be a valuable asset for the Narragansett company. Since the sale, the U. E. R. Company has purchased the power for its trolleys and trackless-trolleys from the Narragansett company.

BUILDING REMOVAL WILL BE SOUGHT

Utility Chief Grants Valley Post
Plea for Hearing on
Crossing Shed.
July 29, 1937

Michael DeCiantis, chief of the State Division of Public Utilities, said last night that he will hold a public hearing Tuesday morning at 9 o'clock at his office on the request of West Warwick Post, American Legion, that the New Haven road be required to remove the small building that it has placed at the Arctic crossing as a shelter for the gate tender stationed there.

In a letter to Division Chief DeCiantis, the Legion post sets forth that the town of West Warwick has expended considerable money in grading and otherwise improving the West Warwick Memorial Park at Arctic; that West Warwick Post sponsored the imposing monument in the park erected to commemorate those residents of the town who served in the World War, and that the location of the Arctic station and the small building that has been placed between the station and Providence street spoils the effectiveness of the park. In addition, the Legion declares that the small building blocks a clear view of traffic on Providence street from those approaching Providence street on Factory street.

Dr. Daniel S. Harrop and John J. Flynn, two members of the committee appointed by West Warwick Post to seek the removal of the Arctic station from the southerly to the northerly end of the Arctic crossing, said last night that the committee had hoped to secure the co-operation of the New Haven road, but that the railroad, instead of moving the station, which was objected to in its present location because it obstructs a view of the Memorial Park from the Providence street approach, had placed a small building between the station and the street and that the location of the small building as well as the building itself is much more objectionable than the Arctic station building and its location. Hence they felt that the only remedy lies in a request to the Public Utilities Division for relief.

UTILITY CHIEF HINTS CHANGE ON RATE PLEA

Star Tribune July 29, 1937
DiCiantis Demands More
Specific Schedules
On Reduction

By VERNON C. NORTON
(Staff Writer)

Indications of a more vigorous policy by the State division of public utilities in handling petitions of private companies, seeking permission to revise their financial structure so it may affect rates, were on the public record today, placed there by Chief Michael DeCiantis of the State division.

Presiding over the first legal hearing ever held by the division since its creation in 1935, DeCiantis served notice on the Newport Electric Corporation that its petition for permission to issue \$300,000 in notes would receive no final attention until supplementary data guaranteeing consumers lower rates is placed before the division.

WHITE CRITICIZES
In fact, the action of the electric company in proceeding with construction of its new generating plant, and then belatedly coming before the division for authority to add to its indebtedness to pay for the expansion, drew the caustic criticism of Dr. Charles A. White, deputy commissioner, who indicated it was not the proper procedure to follow.

The experience obtained yesterday during the all-day hearing was something new for utilities agents. Attorney William P. Sheffield, counsel, General Manager William Michael and Harry E. Carver, executive assistant, discovered they did not have enough data to impress the division to make a final decision on the \$300,000 plea, and the corporation was given until August 25 to organize the data.

The intricate nature of utility financing, when it involves holding companies, was demonstrated during the hearing when it developed that the Newport Electric Corporation, a subsidiary of the Utilities Power & Light Company of Chicago, has negotiated to borrow the \$300,000 on nine-months renewable short-term notes, but it develops the borrowing will be done through a brother corporation, the Utilities Power and Light Co. Ltd. of Canada.

BOY-FATHER LOAN
In other words, as DeCiantis summarized it, the boy is borrowing from the father, the consumers will pay the cost of such financing, even though it is a family affair. When the corporation disclosed it takes \$1700 monthly out of its income to whittle away the huge indebtedness incurred with absorption of the Newport and Fall River Street Railway Company, that interested him very much. And it drew some caustic opposition from Union leaders of Newport.

John F. Dring, speaking for the Association of Civil Supervisors, and William J. Maney, of the Machinists Union, let it be known they are opposed to granting the petition, at least until the \$250,000 investigation authorized by the State is completed. They assailed the financial structure erected by the Newport Electric Corporation, singling out for attack the drainage of \$500,000, over a period of 27 years, to meet the indebtedness of the abandoned railway company.

Chief DeCiantis indicated his lack of sympathy for such action, contending it was not fair play. Dring and Maney, both of them interested in public ownership in behalf of the members of the Machinists Union, charged that many union members will not make Newport their home because of the high utility rates. They charged there is no defense to a system which requires consumers of a single utility company to pay off the debts of a corporation which was separate, on the first instance, from the utility company.

WANTS NEW SCHEDULE

Finally, DeCiantis delayed the hearing for a month to give the Newport Electric Corporation officials an opportunity to file prospective new rate schedules, because its witnesses claimed the new generating plant would cut the cost from 1.2 and 1.3 cents per kilowatt hour to nine mills or less than one cent. This would be a 25 per cent reduction on generating cost, with the company having pledged the savings to consumers in the form of lower rates.

Dring emphasized the point that the company, in admitting electrical energy purchased from the Fall River Electric Company for the last 10 years, had cost 1.2 cents per kilowatt hour, had a hard time defending a markup of 600 per cent on the basis of its present rates, and at one time, until reductions were achieved last year, the markup on distribution was over 1200 per cent.

DeCiantis asked the company to submit data on the increased consumption resulting from lower rates. He examined Carver on the executive's contention that the corporation has to go into the heavy expenditure for the generating plant because no new contract could be negotiated with the Fall River Electric Company of a satisfactory nature. DeCiantis pressed, without complete success, for an answer to whether the generating plant would have been built if a new contract had been negotiated.

DeCiantis emphasized the point that the dividends and surplus operating revenue, paid by Newport consumers, was drained out of the State into the holding company in Chicago, being of no direct benefit to Rhode Island.

NEWPORT UTILITY CONCERN REBUKED

July 29, 1937
DeCiantis Says Electric Co.
Ignored Public Interest in
Starting Power Station.

RATE REDUCTION FORECAST
Division Chief Orders Firm to
File Statement Backing Plea
for Additional Debts

At the most heated hearing in recent years, Michael DeCiantis, chief of the State Division of Public Utilities, yesterday severely censured officials of the Newport Electric Corporation for having almost completed construction of an improved power station before formally asking the State's permission to borrow a total of \$442,848 to finance the development.

The hearing also was the longest in several years. It started at 11 a. m. and ended shortly before 4 p. m., after the division board, consisting of Mr. DeCiantis, James G. Connolly and Dr. Charles S. White, Sr., ordered the company to present additional data before Aug. 25.

William P. Sheffield, president; William Michael, vice president and general manager, and Harry E. Carver, a consulting engineer for the company, informed the division that the enlarged plant and equipment on Thames street, Newport, would save between \$25,000 and \$30,000 a year and that this saving would be passed on to consumers in the form of a reduction from the present 8½ cents per kilowatt hour charge.

The board, however, ordered the company to file within a month a statement estimating as nearly as possible what the actual rate would be if approval is given for issuance of short term notes to the Utilities Power and Light Company of Canada for \$300,000 and to the Westinghouse Electric and Manufacturing Company for \$142,848.

It was brought out at the hearing that the Utilities Power and Light Company of Canada and the Newport Electric Corporation are subsidiaries of the Utilities Power and Light Company of Chicago, a holding company. The Newport company seeks authority to borrow the money by placing as collateral \$304,000 in mortgage bonds it holds on the former Newport & Fall River Street Railway Company, now the Newport Electric Corporation.

Besides asking for a statement on rate changes possible after completion of the plant development, Mr. DeCiantis ordered the company to file with the division a statement of its charges since 1925. Until a few years ago the consumer charge was 17 cents per kilowatt hour. Last November the most recent reduction was made, bringing the rate to 8½ cents.

The company also was asked to state officially whether it intends to sever its connection with Fall River and thus be removed from jurisdiction of the Federal power authority.

Aldermen Are Neutral

The Newport Board of Aldermen, represented by Aldermen Edward A. Martin, John Mahan and William Hanley, who were appointed last week by Mayor Henry S. Wheeler as a committee to attend yesterday's hearing, told the State board they have taken a neutral stand on the company's petition.

William J. Maney, representing the Machinists' Union, No. 119, of Newport, and John H. Dring, speaking for the Civil Supervisors' Association of the Newport Torpedo Station, entered objections.

Both suggested that the petition be rejected until the State survey which Frederick A. Young, former chief of the public utilities division, is to make of all electric power companies in Rhode Island, determines whether the Newport company is indebtedness and if its rate should be substantially lower.

Mr. Dring declared that Newport consumers "will have to pay for this indebtedness for years to come" and that they already pay indirectly more than \$20,000 a year to be written off by the company until 1954 on abandoned property of the former railway company.

"This company has been a good boy to the parent company in Chicago," he asserted, "by turning over a handsome profit. Years ago Newport people were told they'd get better rates as soon as the railway was abandoned. It was abandoned but it looks like our grandchildren will have to pay for it, just as they'd have to pay for this new indebtedness. I frankly do not believe the rates will be reduced as much as they should be."

Suggests Cut to 6 Cents

In reply to a question by Mr. DeCiantis, Mr. Dring said he believed a five or six cents charge would be more equitable than the present 8½ cents.

Both Mr. Dring and Mr. Maney said they hoped eventually to see a municipally-owned and operated electric power plant in Newport.

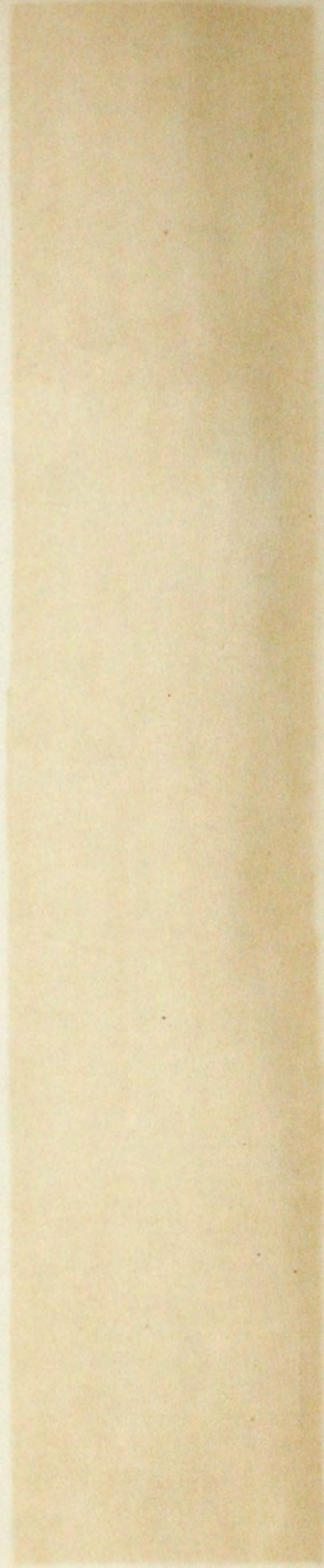
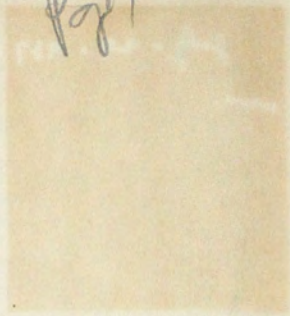
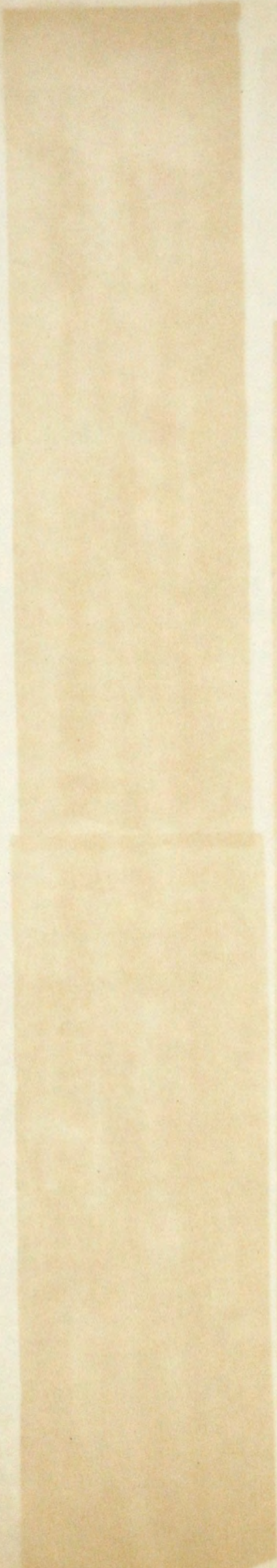
Company officials as well as the two objectors were questioned almost continuously by Mr. DeCiantis and other members of the board.

This questioning reached its highest pitch soon after the noon recess when Mr. DeCiantis asked Mr. Sheffield and Mr. Michael whether "it wouldn't have been better if you had asked this division for permission to issue these notes of indebtedness before you began the work on the plant and especially before the work was 97 per cent finished."

"I can't see the logic of a corporation such as the Newport Electric Corporation taking upon itself to spend \$500,000 to supply the public with electricity and not realizing that the State Division of Public Utilities must give approval before

Cont. on Page 16, Col. 1.
See back

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Star Tribune
Afterthought

July 29, 1937

By

VERNON C. NORTON

Corporate Family Aid.
Consumers Must Pay.
Newport Dissenters.

Bloom, Book Salesman.
Checking on Parole.
Johnson, 1912 Style.

Michael DeCiantis, chief of the State division of public utilities, made quite a favorable impression on representatives of the Machinists' Union of Newport, who appeared in opposition to the Newport Electric Corporation's plea to be allowed to have itself loaned \$300,000 by a company, which, it developed, is legally a brother, both having the same parent. In other words, there is a fine picture of holding company operations developing in relation to the Newport utilities case.

It's a family affair anywhere. The Newport Electric Corporation is a subsidiary of the Utilities Power & Light Company of Chicago. So is the Utilities Power & Light Company, Ltd., of Canada. The Canadian corporation is going to loan the Newport Electric Company the \$300,000 for a consideration. The parent company drains off the dividends and interest. It's like a father loaning his son money, demanding interest at the same time. Maybe it's done in the best of families.

What impressed us at the hearing was the sincerity of John H. Dring and William J. Maney, representing the Machinists' Union of Newport, and assuming the right to speak for the consumers. They hammered away at the point that distribution costs anywhere from 600 to 1200 per cent more than the generating cost, thus keeping the rates high. They were shrewd enough to listen to the utility's explanation of what power costs wholesale, and then put this price next to consumer rates, to emphasize the difference.

There seem to be grounds for an investigation into the financial structure of the Newport Electric Corporation. Its rates to home consumers are among the highest in the nation. The State division of public utilities might do well to cause a delay until the \$250,000 investigation is completed. This expenditure must return dividends to consumers, or there will be a chorus of complaints without precedent in Rhode Island. The investigation should be made to determine just how much lifeless debt has been demanding dividends, as in the case of the Newport Electric Corporation, whose consumers are forced to pay, in rates, enough to wipe away indebtedness incurred with purchase of a long-abandoned street railway.

Star Tribune

July 29, 1937
**Our Pat on
the Back**

Our pat on the back today goes to Michael DeCiantis, chief of the public utilities division, for the manner in which he handled the Newport Electric Corporation's petition for permission to issue \$300,000 in notes.

**HAND PHONE SET
CHARGE WILL GO**

Prov. Journal—Aug. 4

DeCiantis Says Surcharge Will

Be Eliminated Here by

First of December.

Elimination of the surcharge on hand telephone sets and a reduction from \$2 to \$1.40 on the transfer charge for substituting the new type for desk sets were announced yesterday by Michael DeCiantis, chief of the State Public Utilities Division. The charges are effective Dec. 1.

He also announced that the transfer charge for hand sets in Westerly will be \$1.40 instead of \$3 as is now charged by the Westerly Automatic Telephone Company.

Rhode Island is the first State in which the surcharge on hand set phones will be abolished, Mr. DeCiantis said. Next year this charge is expected to be discontinued in other States.

State Gets Priority

"After continued conferences with Mr. Harold Fasic, general division manager of the New England Telephone and Telegraph Company, the telephone company has finally complied with the order issued by me on July 19, 1937 to discontinue the surcharge on the hand phone sets, or French telephones, so-called, to become effective Dec. 1 of this year," Mr. DeCiantis said.

"Rhode Island is responsible for the action which has been taken by the telephone company and for that reason Rhode Island is being given the priority of the discontinuance of the surcharge. After the agents of the telephone company agreed to discontinue the charge they proposed to make the change effective as of Jan. 1, 1938. I insisted that the charge should be discontinued as of December, which in my opinion would have been the earliest possible date, within which a hearing and decision could have been rendered.

"The discontinuance applies also to the persons who are served by the Westerly Automatic Telephone Company, which is a subsidiary of the New England Telephone and Telegraph Company.

Decreases Charge

"The telephone company proposed that \$1.50 was a fair charge for the changing of equipment. I insisted that it be reduced to \$1.40, which the company finally agreed to do. This brings about a radical change in Westerly especially, where the charge of \$3 was made for a change of equipment from a desk set to a hand set. The rate therefore is now uniform throughout the State.

**WELCH GETS JOB
ON POWER SURVEY**

McCoy Aide to Have Charge of

Accounting in Probe

Ordered by State.

Francis E. Welch, certified public accountant and closely associated with Mayor Thomas P. McCoy of Pawtucket, will handle the accounting work of the \$225,000 power survey authorized last year by the General Assembly, it was announced yesterday by Frederick A. Young, survey director.

Mr. Young said he will start his study with an examination of the books and records of the Narragansett Electric Company, and conferred yesterday with Samuel C. Moore, company president on the procedure to be followed.

Mr. Welch assisted Mr. McCoy when the latter was State Budget Director from January to April 15, 1935, in reorganizing the financial administration of the State Government. He also worked with Mr. McCoy in fiscal affairs of the city of Pawtucket while Mr. McCoy was City Auditor and since Mr. McCoy has been City Auditor and Mayor. He also is a member of the Pawtucket School Committee.

As consultant of the special commission appointed earlier this year by Gov. Quinn to study revision of the State Tax Commission and draft a State income tax law, Mr. Welch is on the State payroll at present.

Last month Mr. Young resigned as chief of the State Division of Public Utilities to take charge of the electric power survey as a private contractor. The contract price was \$225,000, available from the \$250,000 appropriated last December by the General Assembly. The work will require more than a year, Mr. Young estimated.

Star Tribune, Aug. 3, '37

**NEW HAVEN ROAD
TO MOVE ARCTIC
STATION AND SHED**

Officials of Line to Comply

With Request of West

Warwick Post.

The New Haven railroad has agreed to move the Arctic station and the shed-like structure recently located between the station and Providence street, this week. This assurance was given to West Warwick Post, American Legion, in a letter written by Michael DeCiantis, chief of the State Division of Public Utilities, Friday. The text of the letter, which was made public last night by John Harrop, adjutant of West Warwick Post, follows in part:

"After having a conference with your committee composed of Dr. Daniel S. Harrop and John J. Flynn, in regard to the removal of the two buildings adjacent to the Memorial Park, I conferred with the New York, New Haven & Hartford Railroad company officials.

"I requested them to remove the buildings from their present location to the northwest side of Providence street, near the gap, so-called.

"The railroad officials have promised me that they will begin to do the work next week. I would suggest that when they proceed to remove the buildings a member of your committee be present to make sure that they are placed where you have requested.

"If this division can be of any assistance at any time we shall be glad to do what we can for your post."

**BUILDING TO
BE MOVED ON
POST PROTEST**

Star Tribune
August 3, 1937

Veterans Said Crossing
Tender's Shelter Marred
Park View

Pawtucket Valley Office
The Star-Tribune
76 Lenox Ave., W. W. } Phone Valley 455-J

The small building recently located by the New York, New Haven & Hartford Railroad Company between the old Arctic station and Providence street, Arctic, as a shelter for the crossing tender at the Arctic crossing, which raised a protest from the members of West Warwick Post, No. 2, American Legion, because they believed it marred the appearance of West Warwick Memorial Park, will be relocated some time this week, according to a letter written to West Warwick Post by Judge Michael DeCiantis, chief of the State Division of Public Utilities, last Friday, and released for publication by John Harrop, adjutant of the post, last night.

The letter follows:

"After having a conference with your committee composed of Dr. Daniel S. Harrop and John J. Flynn, in regard to the removal of the two buildings adjacent to the Memorial Park, I conferred with the New York, New Haven & Hartford Railroad Company officials.

"I requested them to remove the buildings from their present location of the northwest side of Providence street, near the gap, so-called.

"The railroad officials have promised me that they will begin to do the work next week. I would suggest that when they proceed to remove the buildings a member of your committee be present to make sure that they are placed where you have requested.

"If this division can be of any assistance at any time we shall be glad to do what we can for your post."

Aug. 3, 1937 S. Trib.
**DECISION AWAITED
ON HAND PHONES**

A final decision from the New England Telephone and Telegraph Co. of complete elimination of the 15-cent surcharge for hand telephone sets was expected today by Chief Michael DeCiantis of the State Division of Public Utilities.

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COMPANY TO DROP PHONE SET CHARGE

Star Tribune Aug. 3 37
Agrees to Discontinue It
Dec. 1.—Rate Lowered for
Transfer Service.

After next Dec. 1 there will be no surcharge on hand set telephones in Rhode Island, and the charge for transferring desk sets to hand sets will be \$1.40 instead of the present \$2, Michael De Ciantis, chief of the State Division of Public Utilities, announced today.

He also announced that the transfer charge for hand sets in Westerly will be \$1.40 instead of \$3 as is now charged by the Westerly Automatic Telephone Company.

Rhode Island is the first State in which the surcharge on hand set phones will be abolished, Mr. DeCiantis said. Next year this charge is expected to be discontinued in other States.

State Gets Priority

"After continued conferences with Mr. Harold Eslick, general division manager of the New England Telephone and Telegraph Company, the telephone company has finally complied with the order issued by me on July 19, 1937 to discontinue the surcharge on the hand phone sets, or French telephones, so-called, to become effective Dec. 1 of this year," Mr. DeCiantis said.

"Rhode Island is responsible for the action which has been taken by the telephone company and for that reason Rhode Island is being given

Continued on Page 9, Col. 5.

Article continued
next page - #1

SURCHARGE ON HANDSET

ABOLISHED

NEW PHONE RATE SCHEDULE FILED

The new rate schedule of the New England Telephone & Telegraph Co., carrying abolition of all surcharges for handset telephones, was filed today with Chief Michael DeCiantis of the State division of public utilities. Surcharges end Dec. 1.

DATE SET FOR HEARING

The public hearing on the petition of the Providence, Warren, and Bristol branch of the New Haven railroad to abandon all passenger service will be held Monday, Sept. 13, Michael De Ciantis, chief of the State Division of Public Utilities announced yesterday.

8/5/37 Our Pat on the Back

Our pat on the back goes to Michael DeCiantis, chief of the State public utilities division, for obtaining elimination of surcharges on hand telephone sets.

TAX TO END DECEMBER 1 UNDER PLAN

Company Agrees to Fix Installation Charge at \$1.40

BIG WESTERLY AID

DeCiantis, Happy Over Rate Cut, Says Other States to Follow

All surcharges on handset telephones, now amounting to 15 cents monthly for a year, will be abolished as of Dec. 1, Michael DeCiantis, chief of the division of public utilities, announced this afternoon.

Obviously happy over the success of the first drive he made to bring lower consumer rates, DeCiantis said the New England Telephone and Telegraph Company had also agreed to fix the installation charge at \$1.40, which is of special benefit to Westerly where the assessment has been \$3.

Harold A. Fasick, general manager in charge of the Providence division, worked out the schedule filed with the utilities division, after rejecting last week the State demand to have all surcharges repealed by September.

CONCEDES EXTENSION

DeCiantis conceded the two months extension only because a general agreement prevails whereby consumers in all New England States shall benefit by blanket reductions, with the result surcharges will be wiped out in Maine, New Hampshire, Vermont, and Massachusetts, as result of Rhode Island's pressure.

"There is no question in my mind that other States will follow in our footsteps," DeCiantis explained, claiming Rhode Island is the first to force abolition of all assessments, although New Jersey has claimed the distinction.

DeCiantis said the company's decision constituted a complete victory for Gov. Robert E. Quinn, who pledged in his speech of acceptance and in his inaugural address, to demand reasons for such assessments in view of the telephone company's admission profits from handsets amounted to \$24,000,000.

50 P. C. REDUCTION

The discontinuance applies to consumers of the Westerly Automatic Telephone Co., a subsidiary of the New England Telephone and Telegraph Co., the benefits there to be the greatest because of over 50

Turn to Page Eight, Col. Four

HANDSET COST IS ABOLISHED

Continued from Page One
per cent. reductions on installation charges.

DeCiantis concentrated on the telephone company after Gov. Quinn contracted for a \$250,000 survey of electric light companies, which survey got under way yesterday under direction of Frederick S. Young, formerly chief of the utilities division.

The telephone company at first cut surcharges on handsets from 25 cents to 15 cents for 18 months and then 15 cents for a year.

PHONE SURCHARGE EXPECTED TO END

Evening Bulletin 8/3/37

State Utilities Chief Reported

to Have Induced Abolition

by Company.

Abolition of the entire surcharge on telephone hand sets in Rhode Island is expected to be announced shortly as the result of further conferences between Michael De Ciantis, chief of the State Division of Public Utilities, and officials of the New England Telephone and Telegraph Company.

Although Mr. De Ciantis made no comment on the situation today, it was learned authoritatively that the telephone company has agreed to end the existing 15 cents a month surcharge on hand set telephones for the first 18 months of use.

Last week, Mr. De Ciantis announced he had accepted the company's offer to reduce the surcharge to 10 cents a month for 12 months, effective Sept. 1, and to cut from \$2 to \$1.50 the charge for transferring desk sets to hand sets. Previously Mr. De Ciantis had ordered the company to abolish the entire surcharge. He agreed to accept the Sept. 1 reductions but declared he still was not satisfied and would hold a public hearing on the matter later.

Meanwhile, it is known that the Public Utilities Division chief has continued to press for abolition of the surcharge and has reached an agreement assuring the end of the extra cost for hand sets.

COMPAN TO DRA... PHONE SET CHARGE

Continued from Page 1.

the priority of the discontinuance of the surcharge. After the agents of the telephone company agreed to discontinue the charge they proposed to make the change effective as of Jan. 1, 1938. I insisted that the charge should be discontinued as of December, which in my opinion would have been the earliest possible date, with-in which a hearing and decision could have been rendered.

"The discontinuance applies also to the persons who are served by the Westerly Automatic Telephone Company, which is a subsidiary of the New England Telephone and Telegraph Company.

Decreases Charge

"The telephone company proposed that \$1.50 was a fair charge for the changing of equipment. I insisted that it be reduced to \$1.40, which the company finally agreed to do. This brings about a radical change in Westerly especially, where the charge of \$3 was made for a change of equipment from a desk set to a hand set. The rate therefore is now uniform throughout the State.

"Rhode Island is thus the first State in which this surcharge has been abolished. There is no question in my mind that discontinuance of the surcharge in this State will result in discontinuance in other States. This is a distinct victory for Rhode Island and for Governor Quinn, who has for many years contended that a surcharge was unfair and unreasonable."

That will be an interesting hearing Chief Michael DeCiantis of the State division of public utilities will conduct on Sept. 13 when he receives testimony on the petition of the New York, New Haven and Hartford Railroad for abandonment of all passenger service on the Providence, Warren and Bristol line. Maybe abandonment is inevitable, with the bus as competitor on short runs, but unless we miss our guess, the hearing will be worth attending. Barrington, Warren and Bristol should have some homely arguments to defend such passenger service. On the other hand, the State now builds fine, modern highways, for buses to use. And the buses pay no taxes for such use, whereas the railroad has to pay for its roadbed. Maybe the time will come when some State sets a precedent by seeking to charge buses for use of its highways. That's part of the principle involved in park-o-meters.

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QUINN TO GET HANDSET DATA

Star Tribune 8/5/37

Success of Drive to End Surcharges Due to Chief DeCiantis

Gov. Robert E. Quinn will return to his desk next week to be officially informed that his orders to have all surcharges on handset telephones abolished have been carried out, effective as of Dec. 1.

In substance, this is the manner in which Chief Michael DeCiantis of the State division of public utilities explains the success of his first determined drive to cut consumer costs.

The move to eliminate the charges grew out of congressional disclosures that the American Telephone Co. made \$24,000,000 profit out of the handsets. Gov. Quinn decided this was basis enough for State action.

Transfer installation charges will be reduced to \$1.40, standardized for the State, with Westerly receiving the greatest benefits because the charge there has been \$3.

UTILITIES

Recent market action of utility stocks reflects to only a minor degree the underlying bullishness about the industry's prospects.

Point is that the big push away's the adjournment of Congress. The bill to create seven new regional T. V. A.'s is considered thoroughly dead, but even so big traders consider it wisest not to stir up the Washington animals. A sensational rise in utility stocks might attract the unfavorable attention of legislators. This discretion is akin to the caution displayed by those who have been trading in American securities abroad, as recently described here.

There's a possibility of real market fireworks in the utility division—barring the intrusion of new unfavorable factors—after Capitol Hill is deserted. Some of the boys are rarin' to plunge.

Afterthought

8/5/37

By

VERNON C. NORFON

Now that Michael DeCiantis, chief of the division of public utilities, has won out in his fight to abolish surcharges on handset telephones, he will find his field of endeavor narrowed very substantially, because the State is prosecuting a separate investigation into the electric light companies. Of course, there are several private water companies which could

come under attack, and Governor Quinn long ago indicated his interest in their advance charges.

The only repercussion from the complete abolition of handset charges will be in retrenchment orders being prepared by the New England Telephone & Telegraph Company to make sure gross revenue is not adversely affected by cutting off this source of revenue. We are given to understand the retrenchment means the loss of jobs commensurate with the loss in revenue.

Michael DeCiantis, chief of the State division of public utilities, can hardly wait until Monday, when Governor Robert E. Quinn returns from Europe, to tell him about his success in his drive to make Rhode Island the first State in the Union to wipe out completely all surcharges on handset telephones. 'Mike' checked up on New Jersey, and discovered surcharges there will end as of January 1 next, one month later than in Rhode Island, while some monthly payments, started before March of this year, will continue until March, 1938.

From statistics made available from his files, the information is public that there are 58,709 handsets in use in Rhode Island. Of these, 17,299 require monthly payments by consumers. He estimates that handsets originally installed in the State cost their users \$23 before all charges were liquidated. Some change, he says, when compared with his pioneer abolition of all assessments.

DE CIANTIS-GLENN

Miss Dorothy Glenn, daughter of Mr. and Mrs. John Glenn, of 12 Clyde street, West Warwick, became the bride of Michael De Ciantis at S. S. Peter and Paul's rectory yesterday. Rev. Thomas A. McGrath, pastor of the parish, performed the ceremony.

The bride was attended by her sister, Miss Ethel Glenn, as maid of honor. Probate Judge George Roche of West Warwick was the best man. Following the ceremony, a wedding breakfast was served at the Elmcroft, Hillsgrove.

Mr. and Mrs. De Ciantis went by motor to the White Mountains and Canada. They will be at home on Green street, West Warwick after Oct. 1.

The bride is employed in the Circulation department of the Providence Journal and Evening Bulletin as a stenographer. The bridegroom is an attorney-at-law with the firm of Quinn, Kiernan and Quinn. He is a former Judge of the West Warwick Probate Court, a graduate of the West Warwick High School, a member of the high school alumni association and a leader of the West Warwick Democratic organization.

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ROAD TIME EXTENDED

P. J. 8/5/37
New Haven Subsidiary Has Until
Oct. 13 to Plan Reorganization

Judge Carroll C. Hincks of the U. S. District Court at New Haven yesterday extended until Oct. 13 the time for filing a plan of reorganization sought for the bankrupt Providence, Warren & Bristol Railroad Company, a subsidiary of the New Haven Railroad.

The subsidiary went into bankruptcy last Feb. 13 and trustees appointed by the court have been working on a reorganization plan. In asking for the extension of time, the parent line said the amount of claims against the New Haven Railroad, itself in process of reorganization, have not yet been determined. Additional time is required so that these claims may be included in the subsidiary's reorganization plan, it was said.

JORDAN TO ATTEND

I.C.C. SESSION

Prov. Journal

8/10/37

Gov. Quinn, on Return, Lauds

De Ciantis for Phone

Charge Inquiry.

Governor Quinn's first official act on returning to his office this morning was to designate Lieut. Governor Raymond E. Jordan as the Rhode Island representative to a conference at the Mount Washington Hotel in New Hampshire next Thursday and Friday. The conference will be on problems arising from the petition of a group of Southern Governors for an Interstate Commerce Commission re-hearing on freight rates.

Governor Frank Murphy of New Hampshire called the conference yesterday after Mr. Jordan, as acting Governor of Rhode Island on July 20, wrote to a group of Northern Governors, urging them to present a united front at the I. C. C. hearing.

Governor Quinn also commented today on the success of Michael DeCiantis, chief of the State Division of Public Utilities, in bringing about abolition of the surcharge on handset telephones in Rhode Island.

"The company can say what it likes, but it never would have abolished the charge if Mr. DeCiantis had not forced it to do so," the Governor said.

"I want the people of Rhode Island to know that the Division of Public Utilities under Mr. DeCiantis is certain to be run for the benefit of the public."

DE CIANTIS IS THANKED FOR HUT REMOVAL

West Warwick Legion Post Lauds Prompt Action on Protest

Pawtucket Valley Office
The Star-Tribune—Phone Valley 455-J
76 Lenox Ave., W. W.

Judge Michael DeCiantis, chief of the State Division of Public Utilities, was given a vote of thanks by West Warwick Post, No. 2, American Legion, at a meeting in Legion Home, West Warwick, last evening, for his promptness in obtaining action on the removal of the gate tender's shelter near West Warwick Memorial Park at the Arctic railroad crossing through officials of the N. Y., N. M. & H. Railroad Co.

Antonio Lombardi was nominated to serve as commander of the post for the ensuing year. Action on the nomination of all other officers was postponed until the meeting to be held on Wednesday, Sept. 1.

Superior Court Justice Alberic A. Archambault was given a vote of thanks for his gift of a framed copy of the address delivered by Gov. Robert E. Quinn on Memorial Day during the observance sponsored by the post.

Former Department Commander Clarence N. Quinlan, former Commander Karl Fachner and John J. Flynn were appointed a committee to make arrangements for a carnival to be conducted during the latter part of this month or early in September.

Two hundred feet of garden hose was ordered purchased to be used on the grounds adjoining the Legion Home.

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DeCIANTIS ORDERS NEW GAS REFUNDS

Tells Narragansett Electric
to Return Warren, Bristol
and Westerly Deposits.

Prov. Journal—8/25/37
TO STUDY NEWPORT CASE

Total of \$125,000 Will Be Given
Back to Residents of State in
Meter Charge Drive

Michael De Ciantis, chief of the State Division of Public Utilities, announced yesterday that Warren, Bristol and Westerly residents who buy gas from the Narragansett Electric Company would receive a refund of the \$5 deposit they made when the meters were installed.

The total refund will be about \$3500 with 4 per cent. interest and will go to all those who are not in arrears in payment of bills for more than three months.

Within the past two weeks the Providence Gas Company and the Blackstone Valley Gas and Electric Company have complied with the order of Mr. De Ciantis to refund the \$5 deposit charge to consumers. Next Friday Mr. De Ciantis will confer with officials of the Newport Gas Company, the only company now charging the deposit and is expected to reach an agreement for a similar refund to their customers.

This will mean that a total of about \$125,000 will be refunded to citizens throughout the entire State by the various companies selling gas.

Mr. De Ciantis said he also had ordered the Narragansett Electric Company to readjust its rate schedule for gas but will not put the order into effect until after he returns early next month from Salt Lake City, Utah, where he will attend a national convention of public utility company officials and State administrators.

He also explained that although many customers of the Narragansett Electric Company in Warren, Bristol and Westerly had paid a deposit charge of approximately \$10 for gas and electricity meters, the refund will be only \$5 for the gas service deposit charge. No action will be taken on the electric power charges, pending the result of a State-wide survey being made by Frederick A. Young, former chief of the Public Utilities Division, Mr. De Ciantis said.

GAS CO. DEPOSIT TO BE RETURNED

DeCiantis Orders \$5 Meter
Charge Returned to All

Customers in Area.
Prov. Journal 8/14/37

FUND TOTALS \$75,000

City and Blackstone Valley Con-
cerns Get Instructions; In-
terest Will Be Paid

Thousands of customers of the Providence Gas Company will get back the \$5 deposits they made when meters were installed in their homes, plus four per cent. interest, under a ruling announced yesterday by Michael De Ciantis, chief of the State Division of Public Utilities.

The only customers who will not be affected by the refund, amounting to about \$75,000, are those who are more than three months in arrears in their bills.

F. C. Freeman, president of the gas company, and R. L. Fletcher, the treasurer, conferred with the division chief this week and agreed to comply at once with his order to abolish the \$5 deposit charge.

Further Refunds Due

The same order has been given the Blackstone Valley Gas & Electric Company, Mr. De Ciantis said, but because of the illness of David Daly, the company president, he has not had an opportunity to confer with him.

The order concerning the Providence Gas Company affects thousands of consumers in Providence, Barrington, East Greenwich, East Providence, Johnston, North Providence, Smithfield, Cranston, Pawtucket and Warwick. Mr. De Ciantis said he could not give exact figures on the total number of persons who have paid deposit charges and will receive refunds.

The company has agreed, he said, to give back to each customer who paid a \$5 deposit and whose service has not been discontinued, the full deposit with four per cent. interest covering the time during which the deposit has been held. He explained that records of his office indicate that as far back as 1921 this deposit charge has been made.

Consumers who are behind three months or more in their gas bills will not be entitled to receive the refund.

Mr. De Ciantis praised the gas company officials for being "very co-operative" and he noted a "very healthy condition" in the fact that the company has no holding company or other affiliates and that most of its stockholders are Rhode Islanders.

Governor Quinn, informed of the announcement yesterday, expressed satisfaction and remarked that "it shows we are making good progress."

De Ciantis's Statement

Mr. De Ciantis announced the order in the following statement:

For many years the gas companies of this State have been authorized by the Public Utilities Commission to demand a deposit of \$5 from the people before they supply gas to them. For a number of years Gov. Quinn has insisted that fixed charges by public utilities against consumers are unreasonable and unfair, and has continuously advocated that the utilities 'should lay their cards on the table' and show whether or not such charges were reasonable.

"Knowing the attitude of the Governor in this matter, I have made an investigation of the records of the gas companies and in pursuance thereof I summoned into my office Mr. F. C. Freeman, president of the Providence Gas Company, and Mr. R. L. Fletcher, its treasurer. After conferences with these officials, I ordered them to discontinue this practice and file with this division a new regulation. Within a reasonably short time Mr. Freeman and Mr. Fletcher called and reported that they would comply with the order which I had issued.

Interest to Be Paid

"There is in the possession of the Providence Gas Company a sum of approximately \$75,000 which has accumulated from time to time by these deposits which have been made by prospective consumers. I have entered an order abolishing the regulation which authorizes the Providence Gas Company to demand such a deposit. I have further ordered it to return the sum of about \$75,000 proportionately, with interest at four per cent., to all consumers who have made such a deposit and who are not in arrears more than three months.

"This order affects the towns of Barrington, East Greenwich, East Providence, Johnston, North Providence and Smithfield and the cities of Cranston, Pawtucket, Providence and Warwick.

"I wish to state that Mr. Freeman and Mr. Fletcher, although reluctant to discontinue this practice, have been very co-operative with this division in this matter. The people of the State should know that the Providence Gas Company is an independent organization with no holding companies or other affiliate companies of any kind. The majority of its stockholders are Rhode Islanders, so that the profits which are made by the company do not go out of the State. This, in my opinion, is a very healthy condition.

"I have issued the same and other orders to the Blackstone Valley Gas and Electric Company but due to the illness of Mr. David Daly, president of the company, the matter is held in abeyance until such time as he is able to confer with me."

NEWPORT GAS RATE SCORED

DeCiantis Warns Utility
to Reduce Charges
"Or Get Out"

The Newport Gas Light Co., which today complied with an order of the State Division of Public Utilities to refund \$14,000 with 4 per cent. interest in meter deposits to 6000 Newport and Middletown consumers, must reduce its rates or will be driven out of Rhode Island.

Such was the notice served by Michael De Ciantis, chief of the utilities division, after learning that the Pennsylvania Gas and Electric Corp., holding company of the Newport firm, last year took from Newport and Middletown gas users a profit of \$35,000.

De Ciantis said that he will not tolerate a situation whereby a holding company takes such a large profit out of the State. He also declared that the rates charged by the Newport Gas Light Co. are high and many complaints have been voiced by residents of that city.

The company, through its general manager, John H. Weiser, notified DeCiantis today that it will comply with his order to return the meter deposits, but is understood to be reluctant about meeting DeCiantis's demand that its rates be lowered.

The State utilities official also made it plain that in the future he will not permit any public utility to charge a deposit of any kind or any advance payments, declaring that he has notified all the utility companies in Rhode Island to that effect. It will be a uniform policy, DeCiantis explained, and therefore there will be no exceptions made.

TO RETURN GAS DEPOSITS

Newport Firm Complies.—De Ciantis
Seeks Lower Rates.

Michael De Ciantis, chief of the State Division of Public Utilities, announcing yesterday compliance by the Newport Gas Light Company with his order to return \$5 deposits to its customers, said he will move next to prohibit deposit charges and advanced payments by all utility corporations. The Newport company, which will return about \$14,000 with 4 per cent. interest to consumers who are not more than three months in arrears on bills, has been ordered to file a lower schedule of rates.

Mr. De Ciantis declared that the Pennsylvania Gas and Electric Corp., holding company of the Newport concern, received about \$35,000 in dividends from it in 1936. He said he believes the present rates in Newport are too high.

GAS METER LEVY DROPPED BY FIRM

Blackstone Valley Concern
Complies with Order from
State Utility Chief.

Prov. Journal—8/21/37
TO REFUND ABOUT \$22,000

Company is Directed to Show
Cause Why New Schedule of
Rates Should Not Be Filed

A week after the Providence Gas Company agreed to the elimination of its \$5 deposit charge on the installation of meters, Michael De Ciantis, chief of the Division of Public Utilities, announced yesterday that the Blackstone Valley Gas & Electric Company has complied with his order to discontinue the \$5 deposit charge.

The Blackstone Valley company will return about \$22,000, plus five per cent. interest, to hundreds of consumers who are not more than three months in arrears with their bills. The Providence Gas Company refunds will amount to about \$75,000, plus four per cent. interest.

Mr. De Ciantis also ordered the Blackstone Valley Gas & Electric Company to show cause before Sept. 10 why it should not be required to file a new schedule of rates for gas consumption. This change would not necessarily be a reduction, he said, but rather a change in procedure. The company now bills customers according to a specific rate and adds to the bill another charge, which is taken off if the customer pays within a certain time.

He will await the outcome of the electric power survey now being conducted by Frederick A. Young before ordering possible changes in electric power rates.

Most gas companies, Mr. De Ciantis pointed out, allow a discount from the regular rate if the bills are paid promptly. He wants the Blackstone Valley company to file a revised schedule whereby it would bill consumers according to a flat rate to which no extra charge has been added.

The division chief said he also has requested a conference with John Weiser, president and general manager of the Newport Gas Light Company, and with William Webster, vice president and assistant to the president of the Narragansett Electric Company, to determine whether those companies will comply immediately with his order for discontinuance of the \$5 deposit charge on installation of meters and the refunding of such charges.

The Narragansett Electric Company, he explained, sells gas in part of Bristol and Washington Counties.

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GAS METER \$5 DEPOSITS ABOLISHED

DeCiantis Declares Pa-
trons to Be Reimbursed
Charge Shortly

Star Tribune—8/13/37

PRAISED BY QUINN

Blackstone Valley Co.'s
Action Pends Recovery
of Ill Firm Head

By VERNON C. NORTON
(Staff Writer)

Bearing down on the utilities in accordance with Gov. Robert E. Quinn's campaign and inaugural pledges, Michael DeCiantis, chief of the State division of public utilities, announced today all deposit demands of gas companies must be discontinued.

A similar order on telephone handsets surcharges will become effective Dec. 1.

Praising the Providence Gas Co. for its capitulation to his demands, even though the action was taken reluctantly, DeCiantis indicated consumers who have paid the \$5 deposit will be reimbursed shortly, the lone exception being those who have failed to pay their bills for three months.

Realizing consumers of the Blackstone Valley Gas & Electric Co. would cry out in protest unless concessions were made to them, DeCiantis revealed he has already opened negotiations with that utility to discontinue their penalty charges on bills. A final decision will be delayed pending the recovery of President David Daly, now ill.

PRAISED BY QUINN

Governor Quinn, who returned from France the first of the week to learn DeCiantis had successfully moved against the telephone company, commended the utilities chief again today, declaring "we are making progress," in keeping pledges made personally by him and by the Democratic party to take the side of utility consumers.

DeCiantis issued the following explanatory statement:

"For many years the gas com-

Turn to Page Eight, Col. Seven

cont

BLACKSTONE VALLEY GAS DEPOSITS DROPPED

FRIDAY, AUGUST 20, 1937

BANS DEPOSITS ON GAS METERS

Continued from Page One

panies of this State have been authorized by the Public Utilities Commission to demand a deposit of \$5 from the people before they supply gas to them. For a number of years Gov. Quinn has insisted that fixed charges by public utilities against consumers are unreasonable and unfair, and has continuously advocated that the utilities "should lay their cards on the table" and show whether or not such charges were reasonable.

Knowing the attitude of the Governor in this matter, I have made an investigation of the records of the gas companies and in pursuance thereof I summoned into my office F. C. Freeman, president of the Providence Gas Company, and R. L. Fletcher, its treasurer. After conferences with these officials, I ordered them to discontinue this practice and file with this Division a new regulation within an unusually short time. Mr. Freeman and Mr. Fletcher yesterday called and reported that they would comply with the order which I had issued.

\$75,000 ACCUMULATION

There is in the possession of the Providence Gas Company a sum of approximately \$75,000, which has accumulated from time to time by these deposits which have been made by prospective consumers. I have entered an order abolishing the regulation which authorizes the Providence Gas Co. to demand such a deposit. I have further ordered it to return the sum of about \$75,000 proportionately, with interest at 4 per cent, to all consumers who have made such a deposit, and who are not in arrears more than three months.

This order affects the towns of Barrington, East Greenwich, East Providence, Johnston, North Providence and Smithfield, and the cities of Cranston, Pawtucket, Providence and Warwick.

I wish to state that Mr. Freeman and Mr. Fletcher, although reluctant to discontinue this practice, have been very co-operative with this division in this matter. The people of the State should know that the Providence Gas Company is an independent organization with no holding companies or other affiliate companies of any kind; the majority of its stockholders are Rhode Islanders, so that the profits which are made by the company do not go out of the State. This, in my opinion, is a very healthy condition.

I have issued the same and other orders to the Blackstone Valley Gas & Electric Co., but due to the illness of David Daly, president of the company, the matter is held in abeyance until such time as he is able to confer with me.

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Star Tribune DIG A LITTLE DEEPER 8/19/37

First, the charge on hand sets is ordered to be abandoned by the telephone company. Now the State Division of Public Utilities decrees elimination of the deposit charge made by the gas companies on all customers who do not own real estate.

We suggest that there is a still further comparatively minor service that the Division might perform, pending the outcome of the electric rate utility probe now in progress and the eventual re-drafting of all utility rates. The Division might inquire into the real reasons why the gas companies make a service charge on meters.

We suspect that the Division, if the digging goes deeply enough, will discover what has been contended for years, that the total yield of the meter service charge just about equalizes the amount of discount that the gas companies are forced to give to large users of gas in competition with producers of electric energy. In other words, the small user, through the medium of the meter service charge, is paying the discount of the large user of gas.

GAS DEPOSITS DISCONTINUED IN VALLEY AREA

Meter Charge Revocation Announced; Refunds Planned

The regulation of the Blackstone Valley Gas and Electric Co. requiring consumers of gas to make a deposit for meters has been discontinued by order of the State Division of Public Utilities and about \$22,000 which the company holds in deposits will be returned with 5 per cent. interest.

In making that announcement today, Michael De Ciantis, chief of the public utilities division, said that he is continuing his drive to eliminate this charge throughout the State by taking the matter up now with the Newport Gas Light Co. and the Narragansett Electric Co., the latter utility supplying gas to parts of South and Bristol Counties.

The communities which will benefit by the order against the Blackstone Valley Gas and Electric Co. are the cities of Pawtucket, Central

Turn to Page Six, Col. Seven

GAS DEPOSITS END IN B. V.

(Continued from Page One)

Falls and Woonsocket, and the towns of Cumberland, Lincoln, North Smithfield and North Providence.

Chief De Ciantis said that the matter of reduction of rates charged by the Blackstone Valley firm has been continued to Sept. 10, at which time the division expects to make a decision.

The order against the B. V. G. & E. Co. follows a similar edict issued by De Ciantis against the Providence Gas Co., as a result of which thousands of gas consumers in the Providence area will be refunded the \$5 deposit, plus interest.

The Blackstone Valley utility, De Ciantis said, according to a recent report, has approximately \$60,000 of deposits from consumers, but about \$38,000 of that is for electric meters and those deposits are not being touched at this time in view of the investigation of electric companies being made at present by the State.

De Ciantis' announcement follows:

"Continuing the policy outlined by Governor Quinn, the Blackstone Valley Gas and Electric Company, through its agent, Mr. Lester Knapp, and its Attorney Daniel H. Morrissey, has complied with my order issued last week to discontinue the regulation which requires consumers of gas to make a deposit before they can be supplied with service.

"I instructed Mr. Knapp to file a cancellation of the regulation and ordered the company to refund to the consumers the deposit which has been paid in to all those who are not in arrears more than three months, at 5 per cent interest. The deposits which have been made vary in amount; they range from \$5 to \$20. An itemized statement of the company shows that approximately \$22,000, with interest at the rate of 5 per cent, shall be repaid to the consumers of gas.

"The communities which will benefit by this order are the cities of Pawtucket, Central Falls and Woonsocket, and the towns of Cumberland, Lincoln, Burrillville, North Smithfield and North Providence.

"The matter of the reduction of the rate has been continued to Sept. 10, 1937 at which time the Division expects to make a decision.

"I have summoned to this office Mr. John Weiser, president and general manager of the Newport Gas Light Company, and William Webster, vice president and assistant to the president of the Narragansett Electric Company, for the purpose of requesting them to comply with the order which I have made to the Blackstone Valley Gas and Electric Company and the Providence Gas Company."

Box 24

JOHNSTON

Prov. Journal 8/20/37
Conference on Manton Ave.
and Hughesdale Bus Fare
Zones Is Planned.

SCHEDULED NEXT MONTH

U. E. R. Traffic Manager Asserts
"Overcrowding" Complaint Will
Be Investigated

A conference regarding the fare zones on the Manton avenue and Hughesdale bus lines will be held between town and U. E. R. officials and the Division of Public Utilities at the State House next month, it was announced yesterday at the division's office. The exact date has not as yet been set.

Residents of Manton would like to have the second fare zone, which begins at the city line, eliminated altogether. Many of them get off the bus at the line and walk the short distance to their homes in Manton. On the Hughesdale line it is understood that residents want the fare zone extended from the city line to Thornton.

The division is in receipt of a letter from Town Clerk Martin F. McGuire, written on instructions of the Town Council, requesting the conference on fare zones, and also complaining of "overcrowding and general dangerous conditions now existing on those bus lines."

William B. Spencer, traffic manager of the U. E. R., said yesterday he had not heard any complaints regarding overcrowding. "We don't want any overcrowded busses," he said. "When we hear of them, we remedy the situation ourselves without waiting for complaints. I will look into the matter."

Councilman William Tingle said that the 7 o'clock bus from Hughesdale has been taken off. Regarding this matter, Mr. Spencer said that as soon as school closes in late June, the summer schedule goes into effect. It was his guess that was what the Councilman referred to, he said. The regular schedule is resumed in September. "We have got to base our schedule on patronage," Mr. Spencer said.

Councilman Francis A. Manzi said that the conference was to have been held some time ago, but was delayed owing to the illness of General Manager Alonzo R. Williams of the U. E. R.

DISCUSSES I.C.C. ISSUE

Quinn Confers on New England Governors' Plan of Action.

Governor Quinn conferred for more than two hours yesterday with representatives of the New England Governors' Committee on Railroads on the procedure which these States will follow in presenting recommendations next month to the Interstate Commerce Commission in Washington at hearings on proposed reorganization of railroads in this section of the country.

The Governor announced that he appointed Michael De Ciantis, chief of the State Division of Public Utilities, to work with George L. Crooker, chairman of the Rhode Island Governors' Committee on Railroads, and with representatives of other New England States in presenting their views at the hearings.

SHAWCROSS LAUDS STATE DEMOCRATS

Party Chairman Praises Work
of Senator Green and Men
in Quinn Administration.

SPEAKS AT CLUB OUTING

Prov. Journal 8/23/37
DeCiantis Given Credit for Cuts
Made in Utility Rates Along
with Charge Elimination

The Democratic party may well feel proud of the record its leaders are establishing in the administration of government in Rhode Island, State Chairman William A. Shawcross told more than 750 members and friends of the Twelfth Ward Shawcross Democratic Club yesterday at the annual outing of the club and its auxiliary at the Hillsgrove Country Club.

Forced indoors by the rain, the group spent an afternoon without formal program, but heard brief commendatory remarks during the serving of a clambake, from Mayor James E. Dunne, Representative Justin P. McCarthy, Alderman Raymond E. Shawcross, who acted as master of ceremonies, City Chairman Edward M. Flanagan and Ward Committeeman Thomas F. Lynch, general chairman of arrangements.

State Chairman Shawcross, after complimenting the club on its work along the lines of party endeavor, paid tribute to Senator Theodore Francis Green for his efforts in support of the President's program, and emphasized that he, himself, is squarely in back of Governor Robert E. Quinn's "laudable move to end dual office holding in Rhode Island." Mr. Shawcross also praised Michael DeCiantis, chief of the division of public utilities, for his recent accomplishments in connection with reducing and eliminating telephone and gas company service charges.

"These charges were unfair, and I know the people of this State are grateful for what Mr. DeCiantis has done," the State chairman said.

Afterthought

By
VERNON C. NORTON

The current investigation into electric utility companies may properly be extended to the United Electric Railways Company to determine the advantages of requiring a general reduction in rates. We know there will be the original protest that gross revenue will be reduced. When the Federal government ordered the railroads to slash their basic fares to two cents a mile, the revenues increased tremendously, and the roads did a great deal more business.

The traction company must find some means to induce patrons to return to trolleys and busses. Many now use automobiles, finding it difficult at the same time to locate parking areas large enough to accommodate their demands. It seems that a five-cent fare, without transfers, would become an important part in rehabilitating the finances of the United Electric Railway Company. It would mean a 10-cent fare between Providence and Pawtucket, which should be of benefit to commuters.

CUT IN ELECTRIC RATES PROPOSED

Reductions Totaling About
\$29,000 Promised Newport

Consumers at Hearing,
Prov. Journal 8/26/37

The State Division of Public Utilities yesterday took under advisement the Newport Electric Corporation's request for permission to borrow \$442,848 to pay for improvements to its generating plant.

The Board's action followed a four-hour hearing at which the corporation proposed rate reductions totalling about \$29,000 and representing monthly decreases from 20 to 75 cents per customer.

Michael De Ciantis, division chief, cited testimony that the Newport corporation's holding company, the Utilities Power and Light Company of Chicago, showed a 15 per cent. profit from the Newport company last year and asked corporation officials if it was fair to ask a loan when the holding company took that profit.

William P. Sheffield, president; William Michael, general manager, and Harry Carver, consulting engineer, said they felt the Newport company followed the best business policy in asking to borrow \$300,000 from the Utilities Power & Light Corporation of Canada, another affiliate of the Utilities Power and Light Company of Chicago, and \$142,848 from the Westinghouse Electric Manufacturing Company to finance the new Thames street plant, which is 97 per cent. finished.

Sheffield said no company in the State had made as many voluntary rate reductions as the Newport corporation, and that if the company had wished to, could have ducked around the division in legal ways.

A Newport Board of Aldermen committee told the division it had no objection to the company's request to borrow money, that its chief interest was to get further rate reductions and see that the company has additional sources from which to obtain power in emergencies.

NEWPORT UTILITY APPEALS TO COURT P. J., Nov. 29, 1937 Electric Concern Fights State Decision Denying Right to Loans

The Newport Electric Corporation has appealed to the Rhode Island Supreme Court the decision of the State Division of Public Utilities denying the corporation the right to borrow \$442,848 to pay the cost of the newly-equipped power plant in Newport.

The Supreme Court has set Dec. 13 for a hearing of the appeal. The public utilities division gave its ruling Nov. 4.

The corporation asked permission to take two loans, one of \$300,000 from the Utilities Power & Light Corporation, Ltd., of Canada, and the second of \$142,848 from the Westinghouse Electric & Manufacturing Company.

Michael DeCiantis, chief of the State Division, and James G. Connolly and Charles A. White, Sr., members, have been summoned before the court to show cause why the petition should not be granted.

Alderman John Mahan has been summoned to represent the city of Newport and also the towns of Jamestown, Middletown and Portsmouth and summonses also have been served on John F. Dring of the Civil Supervisors Association and William J. Maney of Lodge 119, International Association of Machinists.

The hearing before the Utility Division Board was attended by Aldermen Mahan, William A. Hanley and Edward A. Martin of Newport. Mahan was the only one to testify. He said the city was interested only in the promises of reduced electric rates. Dring and Maney testified in opposition to the electric corporation.

HOTEL MEN THANK QUINN FOR FIGHT Praise Campaign Against Phone Set Surtax; Tholl Elected

9/23/37
The Rhode Island Hotel Men's Association, meeting yesterday at Newport in Hotel Viking, voted to send a letter of thanks to Governor Robert E. Quinn for his campaign against the sur-tax on telephone handsets.

R-26

ELECTRIC SURVEY PARTLY FINISHED

Proy. Journal

Young Declares State-Wide
Study of Three Concerns
10 to 15 P. C. Done.

PERSONNEL OF 31 ON JOB

Accounts and Engineers Hard at
Work with Report Unlikely
Before October of 1938

Analysis of the financial structure and rate schedules of the Narragansett Electric Co., Blackstone Valley Gas & Electric Co., and the Newport Electric Corporation is being made simultaneously by 31 accountants and engineers under Frederick A. Young, director of the \$225,000 State-wide electric power survey, Mr. Young announced last night.

Reporting on progress of the study authorized last December by the General Assembly and assigned to him last July as a private contractor, Mr. Young indicated that from 10 to 15 per cent. of the work at the three power companies has been done. He said he expects to complete the survey and report to the State Division of Public Utilities by Oct. 1, 1938.

Summarizes Progress

He summarized the activity thus far as follows:

"Up to the present time, our accounting division has executed the following work at the Narragansett Electric Company: Schedules showing description of work orders capitalized have been made for the years 1927 to 1936, inclusive. Schedules have also been made of vouchers to be examined representing plant additions for the years 1919 and 1927. Additions and retirements have been summarized for the years 1924 to 1936, inclusive.

"Reconcilements have been made of plant valuations as between company statements, audit reports and tax returns for the years 1928 to 1931, inclusive. Changes in reserve for depreciation have been summarized for the years 1931 to 1935, inclusive. Balance sheets at the end of years 1913 to 1936 have been summarized.

"Our engineering division working at the Narragansett Electric Company has completed the listing of all the steam generating equipment and all electric generating equipment and accessories at the South street power station, including all information covering the size, type, etc., and at the present time is making a physical inspection and inventory of all of the above mentioned power plant equipment.

"With reference to the Blackstone Valley Gas and Electric Company, our accounting division has completed summarizing additions and retirements for the years 1912 to 1936, inclusive. Reconcilements have been made of plant valuations as between company statements, audit reports

*article continued
next page
#1*

JACKALS ON THE TRAIL

It is interesting to learn from Mr. Frederick A. Young that his investigation of electric utility companies in Rhode Island is making rapid headway and that he hopes to have a complete report within another year. There is every reason to expect that he will try to do a competent and thorough job and that he will insist that his hands remain untied in any direction, no matter what the desire of any person or group of persons may be to tamper with the probe that is costing the taxpayers \$250,000.

There is every reason to expect that when the survey is completed and the facts are integrated under the experienced direction of Mr. Young, that there will be presented for the considered judgment of the General Assembly a plan whereby the Division of Public Utilities may be made an agency, equipped with the power, to regulate utility rates in the interest of the public of Rhode Island. The old commission never did and it was difficult for the division when it was under Mr. Young to make headway in reducing rates.

But we warn Mr. Young that he will have to keep a wary eye open to guard against the tampering of sinister forces with the work that he is doing. There are hidden influences that have no stomach for the sort of thing he proposes to do for the people of Rhode Island. Nor would this be the first instance in which a well laid plan to bring equity as between the people and the utilities has been thwarted by these same influences, some of them on capitol hill and other in the canyons of the business district.

and tax returns for the years 15. 1936, inclusive.

"Changes in reserve for depreciation have been summarized for the years 1912 to 1936, inclusive. Annual depreciation charges as per company statements have been reconciled with audit reports and tax returns for the years 1912 to 1936, inclusive. Balance sheets at the end of years 1912 to 1936 have been summarized.

Preparing for Inventory

"Our engineering division working at the Blackstone Valley Gas and Electric Company is engaged in listing plant equipment in transmission and distribution systems, such as poles, wires, etc., in preparation for inventorying such accounts.

"With reference to the Newport Electric Corporation, our accounting division is engaged in reconciling plant valuations as between company statements, audit reports and tax returns for the years 1912 to 1936, inclusive.

"Although this report of progress is of a general nature, it is evident that we are making most unusual headway."

The purposes of the survey, Mr. Young explained, are to learn whether the consuming public obtains adequate service at the lowest possible rates; to obtain basic facts "essential to the intelligent, efficient and effective regulation for the future," and "to provide factual data to be used in considering advantages of public power."

Declaring he is not antagonistic to utilities, he warned, however, that "any utility which is obtaining high

U. E. R. TO CHANGE FARE SCHEDULES

Reconstruction of Rates

Requested of Company

by De Ciantis. 1/13/37

As the result of a conference between Alonzo R. Williams, general manager of the United Electric Railways, and Michael DeCiantis, chief of the Division of Public Utilities, the U. E. R. has agreed to draw up a reconstruction of fare rates throughout its territory, it was announced by Mr. DeCiantis.

Chief DeCiantis said he requested Mr. Williams to reconstruct the fare rates in the State because he believed they were "high in places." "Mr. Williams agreed to look over the rate situation at my request with a view toward allowing his company a reasonable profit," Mr. DeCiantis said.

Ask Reduction

At 10 o'clock this morning a hearing was conducted before the public utilities division by members of the Johnston Town Council with a view toward having the fare rates on the Manton and Hughesdale lines reduced and alleged crowded conditions on those cars alleviated.

Appearing for residents of the town and the Town Council were Council President William J. Miley, Councilman William Tingle, Councilman Francis A. Manzi and Town Solicitor Arthur N. Votolato.

Because he had reached an agreement with Mr. Williams to reconstruct the fare rate throughout the State, no decision was rendered by the public utilities division in the Johnston case, Mr. DeCiantis said.

Report Awaited

"It would be unfair for us to make a ruling affecting only one section in the State," Mr. DeCiantis said, "therefore, we will wait for Mr. Williams' report on the entire situation."

"Its going to be quite a job for the U. E. R. to draw up the reconstruction of fare rates," Mr. DeCiantis said, "and Mr. Williams has promised to let me know by letter when the division can expect to receive the proposed schedule of rates."

The Johnston case was continued, therefore, until we hear from the United Electric Railways, he said.

Bristol Line

LOSS J. L.

CITED AT HEARING

New Haven Road Holds Decrease in Passengers Responsible for Deficit.

LINE \$983,612 "IN RED"

Caley Says Freight Would Carry Costs; Reduced Fares Failed to Increase Travel

Passenger business on the Providence, Warren & Bristol railroad was characterized as "impossible" by Charles F. Caley of New Haven, transportation analyst for the New York, New Haven and Hartford Railroad at a hearing yesterday before the Division of Public Utilities on the road's petition to discontinue passenger service on the line to Warren and Bristol.

Mr. Caley said that "there is a chance" of the road's obtaining sufficient revenue from freight carriage alone to cover taxes and interest, but that all experiments tried to date to stimulate passenger patronage and cut down accumulating deficits have been futile.

He blamed the increased use of private automobiles for the road's predicament, pointing out that registrations in Rhode Island increased from 49,000 in 1922 to more than 104,000 in 1937. The P. W. & B. showed its last operating profit in 1923. Since then there have been continual deficits, the cumulative total of which Mr. Caley placed at \$983,612.

Only Hearing Witness

Mr. Caley was the only witness at the hearing, which was recessed yesterday afternoon until 10 a. m., Sept. 24.

He was questioned by counsel for the New Haven and from time to time Chief Michael A. DeCiantis of the Utilities Division asked him to clear up certain points in his testimony. Representatives of the towns served by the railroad were present, but only put a few routine questions to Mr. Caley at the end of the day. In reply to the latter he declared that the railroad's financial situation would not be improved materially if a competing bus line was operated by a concern other than the New England Transportation Company, a New Haven subsidiary.

He insisted that if the bus competition came from an independent source, the Providence, Warren and Bristol line would not materially change its operating policies.

Reports on Stocks

In reply to a question from Mr. DeCiantis relative to stock ownership in the road, he said the P. W. & B.

Continued on Page 18, Column 2

Continued
next page.

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THE RAILROAD'S ATTORNEYS GIVE THEIR SIDE



Attorneys for the New Haven Railroad Are Shown as They Presented Their Side of the Case at Yesterday's Hearing Before the State Division of Public Utilities on the Railroad's Petition to Eliminate Passenger Service on Its Warren and Bristol Line. Eugene J. Phillips, Counsel for the New Haven Trustees, is Speaking. Nearest the Camera is E. J. McElroy, Representatives of East Providence, Barrington, Warren and Bristol Appeared at the Hearing.

Police Commission Opposes Merchants On Jitney Stand
Opening Call - 12/14/37
Chief DeCiantis Tells Local Delegation At Hearing To Come To Agreement On Location For Terminal

Over the protests of the Chamber of Commerce, the Retail Trade Board, taxpayers and businessmen near the junction of Main and Railroad streets, Woonsocket's three-man police commission yesterday tried to convince Chief Michael DeCiantis and his associates in the State Division of Public Utilities that Blackstone jitneys should be given a terminal on Main street across from the Bijou theatre.

The subject of regulation for Blackstone jitneys and the Bowen Bus Lines has given more than one individual and municipal agency a headache, and it is rumored that the whole story behind the scenes has never been told.

DeCiantis yesterday wound up the hearing by telling all concerned to go back to Woonsocket and reach an agreement among themselves, giving assurance that the State would not approve a settlement that would be detrimental to any party involved, or to the citizens of the community. The division has the final say as to the terminal.

The police commission has requested James C. Winn, secretary of the Chamber of Commerce and of the Retail Trade Board, to have a committee of business men attend its Thursday morning session in the Front street headquarters to further discuss the matter.

Mayor Joseph Pratt and Commissioners Wilfred Rivet and Charles M. McLoughlin, Mr. Winn, Louis Koury, spokesman for the Blackstone jitney drivers, Michael Bowen, owner of the bus lines between here and Millville, bearing his name, Merle B. Young, owner of the block at the junction of Main and Railroad streets, Aime E. Fournier, member of the firm of the B. & F. Pharmacy on the corner of the two streets, former State Senator Edward B. Belhumeur, an inspector for the State Division of Motor Vehicles, and others attended the hearing in the State House yesterday.

Koury testified that the jitneys were losing business at the present terminal on Railroad street, near James street, and said patrons are "afraid to walk in the dark" to the present location.

Speaking for the Retail Trade Board, Mr. Winn said the streets of Woonsocket are already too congested, without adding jitney stands to the main thoroughfare. Mr. Belhumeur opposed the petition for the change on the ground that traffic would be further congested. Chairman Rivet, the only one of the three commissioners to take the stand, said there was danger of accidents in the dark on Railroad street, but Mr. Belhumeur said there had been but one minor accident at the location in 15 years.

To bolster his stand for the change, Chairman Rivet said the jitney drivers had "cooperated" with the police. Asked what he meant by that, he said the jitney drivers had taken an option on a site on Railroad street, planning to raze a building for a jitney terminal. But when Mr. Winn and others questioned the commissioner in detail about the option, he evaded direct answers. Mr. Winn asked specifically why the police commissioners were seeking to shift the jitneys from Railroad street to Main street, thus increasing traffic congestion, if the jitney drivers themselves were willing to create a terminal on Railroad street. But the subject of the option was not discussed further at the time by Chairman Rivet.

RAILROAD HITS SEVERANCE PLAN

Providence - Worcester Line Asks Dismissal of State Petition to ICC

Washington, Sept. 29.—(UP)—The Providence and Worcester Railroad Company today asked the Interstate Commerce Commission to dismiss the petition of the State of Rhode Island asking that the carrier be severed from the New Haven System.

Rhode Island asked the severance and establishment of the Providence and Worcester as an independent system to halt an alleged monopoly of traffic by the New Haven in the State.

The carrier pointed out that the severance was based upon the proposal that the New Haven and New York Central Lines form a joint trusteeship for the Providence and Worcester, but contended there were no assurance that the proposed plan would be carried out. Failure to consummate the plan would force abandonment of the Worcester lines, it was claimed.

The Rhode Island proposal regarding the Providence and Worcester line was presented to the Interstate Commerce Commission on Sept. 8 in connection with a hearing on the New Haven reorganization plan.

Wilbur Laroe, Washington attorney acting for the State, asked that the New Haven system be directed to give up its lease on the Providence and Worcester line in order that the latter road might be operated as a terminal railway giving tidewater access in Rhode Island to the New York Central as well as to the New Haven and Pennsylvania systems.

Laroe and associate counsel asserted that they would present evidence showing that such a move would best serve the public interest of this State. The Providence and Worcester system under its present leasing arrangement with the New Haven, they maintained, is losing \$50,000 a year and is kept by the New Haven only to insure that no other railroad can reach southern New England.

Qq 32

Oldest Commuter Attacks Position Taken By New Haven R. R. Analyst

Bristol Weekly - September 10, 1937

Walter E. Munroe Declares "Downfall" of Branch Line Due to "Mismanagement on the Part of Local Officials"—Urges Attendance at Public Hearing

Tuesday Mgrning

Describing himself as the oldest commuter on the Bristol Branch of the New Haven Road, Mr. Walter E. Munroe in a statement issued today attacks the reasons put forth recently by C. F. Caley, New Haven analyst, as those causing the "downfall" of the local branch.

Mr. Munroe declares that "the local management has never done anything to encourage train patronage" and adds that mismanagement is the cause of the so-called downfall. He also cites figures which he claims show big increase in passenger traffic as a result of the five cent zone fare. Asking Mr. Caley where the 40 per cent increase in operating expense was incurred he answers the question himself by asserting that too large a percentage of the operating expense of both freight and passenger service was charged up against the passenger division.

Mr. Munroe's complete statement is as follows:

To the Editor of the Bristol Phoenix:

I claim to be the oldest commuter on the Bristol Branch of the New Haven Road having begun traveling in September, 1881 leaving Bristol at 5:45 a. m. after having taken a walk of 25 minutes from my home to the Franklin street station, with my breakfast under my belt, and as such feel that I am in a position to give Mr. C. F. Caley, New Haven's transportation analyst some facts regarding passenger traffic on the branch that he does not possess, but should have in mind at the hearing to be held

before the Division of Public Utilities at Room No. 102, State House, Providence, on Tuesday, Sept. 14th at 9:30 a. m., at which all residents of Bristol County interested in the welfare of their community and the continuance of passenger service should be present.

Mr. Caley gives three reasons for the "downfall" as he calls it, decrease in employment, bus competition and greater use of automobiles. Let me say to him that the same daily patrons of the road are employed the year around at Gorham Mfg. Co., Universal Winding Co., General Fire Extinguisher Co. in Auburn and other places near at hand. They cannot patronize the busses because they are not dependable, being late nearly every trip and if one is five minutes late he is docked an hour. They must drive their autos because the trains never connect with the time of going to and from their work.

The local management has never tried to encourage train patronage for the past dozen or more years because they wish to use both tracks for hauling tank cars which pay from \$75.00 to \$100.00 for each one moved. I am informed.

Replying to Mr. Caley's recent analysis of the downfall of the P. W. & B. Branch, I wish to state to him that it is entirely due to mismanagement on the part of local officials.

While the operating power was electricity, with large, comfortable, convenient cars, all went well, but

(Continued on Page 5)

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WARREN, BRISTOL SERVICE SCORED

Prov. Journal 10/6/37

Walling Blames Inadequate Rail Equipment for Drop in Passengers.

BUSSES DECLARED WORSE

Railroad Bases Plea on Data Showing Heavy Losses by Train Service

Continuance of passenger service on the Providence, Warren and Bristol branch railway was declared "necessary" to the development and welfare of the communities it serves by Barrington, East Providence and Bristol town solicitors before the State Division of Public Utilities yesterday.

The New Haven Railroad has petitioned for the right to discontinue this service and yesterday's arguments were based on testimony developed at two hearings last month.

Following completion of arguments, counsel were given until Oct. 15 to file written briefs and the division took the petition under advisement.

Lester S. Walling, town solicitor of Barrington, read a prepared argument which he said represented the views of his associates from the other towns on the line. He declared two alternative courses are open to provide service to the public—either bus and truck lines must be made to pay their share of the cost of public roads they use, or the railroad must be "similarly subsidized" to enable it to render the service to the communities which the communities need.

He denied the validity of the railroad's principal contention that the increased use of private automobiles is the chief reason for the falling off of patronage. He said private automobiles cost from seven to ten cents a mile to operate and that the public uses them only because the train service is inadequate.

He argued there "is really no choice" for the public because, although the trains are "stuffy, uncomfortable, slow, smelly and inconvenient, the buses run by the same New Haven Railroad over the same ground are even more uncomfortable, more smelly and more inconvenient."

Sees Return to Railroads

Because the highways are becoming crowded with traffic whereas the railroad has a clear right of way, it is only a matter of time "when the public will object to the public utilities using the highways freely and the railroads, with their own clear rights of way, will come back into their own."

"Give us schedules and speed and decent equipment and I'll pledge you and the railroad every help in organizing public opinion to give the Providence, Warren and Bristol all the business that is coming to it."

James A. Hamill, town solicitor of Bristol, and William C. H. Brand, town solicitor of East Providence, agreed with Mr. Walling's argument.

Hearing Starts Late

The hearing got under way late and it was 11:15 when Eugene J. Phillips, counsel for the railroad, began his argument.

He contended that "as usual" the railroad had come before the com-

mission armed with facts and data, which had been given both orally by witnesses and in black and white through exhibits, but "the towns have only statements to offer in refutation of these facts."

He replied to arguments of the town counsels that no effort had been made by the railroad to provide decent service, by saying that conference after conference has been held between representatives of the railroad and representatives of the towns "all looking for the retention of the service."

"As a result of these conferences from time to time we made desperate efforts to secure for the communi-

ties along the line the type of service and schedules which the residents seemed to want," Mr. Phillips said, "but the response had not been adequate in the face of continuing deficits to continue this service."

To the argument that the New Haven, as operator and lessee of the P. W. & B., put down a \$52,000 item as rental among the fixed charges and then drew some \$49,000 as a holder of P. W. and B. stock, he said, "This is far from the complete picture" and that actually the deficit incurred by the New Haven in the operation of the P. W. and B. for the year ending May, 1937 was about \$283,000."

THE BRISTOL PHENIX, FRIDAY, S

OLDEST COMMUTER ATTACKS POSITION TAKEN BY NEW HAVEN R. R. ANALYST

(Continued from page 1)

when two or three of the subordinate officials without authority for so doing, took down the poles and wires (between two days) under the pretense that the poles were rotting and dangerous, the trouble began.

I wonder why the poles only rotted on one side of the rails all having been installed at the same time. They left the poles on one side and they are there today carrying the wires for lights and signals.

Equipment

Next came the old worn out dilapidated gas electric discarded by the Ontario and Western, and other roads which are unfit to transport cattle in. Gas choking and ear splitting, absolutely impossible of being heated, the old fashioned coal stove at one end of the car cannot force the heat more than one half the length of the car which being of metal construction, in hot weather it is impossible to open a window on account of its expansion and in cold weather they contract to such an extent that your blood will freeze in your veins if you sit within a foot of one. Everything seems to be done to drive patrons away or make them uncomfortable.

When the tunnel under the hill was being bored (in 1908) I passed through it several times with Mr. E. P. Dawley the engineer in charge and one day I asked him if it was not to be ventilated and he said "No." I asked him: why not and he replied, "they won't let me do it." I said why? and his reply to this was "they have agreed not to run engines through it." I said, you watch them. We did, and what is it today?

An idea struck somebody to send long trains of oil tanks formerly routed by way of Valley Falls, through the tunnel, by way of Brayton avenue, filling it with smoke and gas, and if no train is to go through, they have a light engine at hand ready to pass through about five minutes before passenger train time to fill the tunnel with smoke, terrible if the windows are open.

Service

Many former patrons living in Crescent Park have told me that they were compelled to move away or drive autos to get to work in Auburn or Olneyville on time, because of the poor time cards in effect both morning and night.

Formerly there was a 5:45 p. m. train out of Providence which accommodated those getting out at 5 p. m. but it was taken off long ago. Many requests have been made for its restoration, but refused.

Now one getting through at 5 p. m. has to wait around until the 6:20 train before starting for home.

The 5:45 train was the best patronized train on the line.

Patrons who moved away from the line on account of the 10 cent zone have told me that when the five cent zone was put into effect again they were planning to come back but when it was jumped to seven cents they gave up the idea.

When the five cent fare went into effect I made it my business to visit the ticket offices all along the line and was pleased to learn that the sale of tickets increased ten to one over the old rate and largely due to new patronage, people riding for pleasure who never thought of setting foot on a train before.

At the Providence office I found that one month in the year 1934 with a 10 cent zone rate the sale of tickets was 4,000; the corresponding month in 1935 at five cents each, the number of tickets sold was 49,000.

I would like to ask Mr. Caley where the 40 per cent increase in cost of operating the passenger service comes in, and I doubt if he can tell me, as there has been no increase in hourly wages. If there was, it was offset by reducing the number of men employed.

I can tell him where it comes in, by charging too large a percentage of operating expense of both divisions

freight and passenger service to the passenger division, as was done when the passenger service on the Willimantic, Pascoag and Pawtuxet Valley branches was discontinued and look at the property values today in those localities.

Now let us look at the main line for a moment. How about the Comet? which cost \$250,000 and I am told by those who know that it has not met its expense of running yet. But nothing is said about discontinuing that on account of its cost of operating and the Bristol Branch service is far from important for it is all we have.

With proper management, decent equipment, convenient time cards and popular fares, the branch could be made the best paying 16 miles of iron in the whole system as it was years ago at five cent fares, as Vice President Buckland himself told me, personally, at the time he was located here as attorney for the road.

Again, how about the cost and expense of operating the Cafeteria and Cocktail Bar Cars always in the red but kept running just the same.

The 1930 U. S. Census figures give approximately, Bristol 12,000; Warren, 7,000, and Barrington 5,000 populations, all of which are naturally on the increase and the Riverside District of East Providence had a voting list in 1936 of 3,411, totaling about 28,000.

The figures stated above fully bear out my claim as to what could be done on the branch if the management was inclined to make it so.

I submit a limited record of what was being done under the two rates of zone tickets—five cents and seven cents—although I have a very complete record taken by an old retired railroad man at the gate in Providence where passengers passed, in taking and leaving trains. Also, by a friend in an auto stationed on Fort Hill where the trains passed by on their way to Bristol.

Five Cent Fares

June 1, 1935: 10:00 a. m., 116; June 3, 1935: 10:00 a. m., 106; 4:30 p. m., 139; June 4, 1935: 10:00 a. m., 216; June 6, 1935: 4:30 p. m., 111; June 8, 1935: 4:30 p. m., 316; June 5, 1931: 10 a. m., 182.

Seven Cent Fares

June 13, 1936: 10:00 a. m., 48; June 20: 10:00 a. m., 52; June 22: 10:00 a. m., 40; July 6: 10:00 a. m., 47; June 12: 10:00 a. m., 49; July 12: 4:30 p. m., 46.

Five Cent Fares

June 5, 1935: 4:30 p. m. and 5:20 p. m., were both through car trains filled with standing freight.

Note, that these figures were new traffic outside of commuting hours.

I would strongly urge all interested in the continuation of passenger service between Bristol and Providence to attend this hearing and fight for it.

WALTER E. MUNROE,
Bristol, R. I., Sept. 10, 1937.

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AWAIT VOTE ON PENSION FOR JURIST

Gov. Quinn's Friend on
Inside Track for Su-
perior Bench

Star Tribune

FLYNN SEEKS JOB

Lat. Sept. 25, 1934

Hartigan Again Placed
in Background as
Vacancy Looms

The resignation of Judge Herbert L. Carpenter from the Superior Court is expected during the coming session of the General Assembly provided special legislation is enacted to guarantee him a pension.

Michael DeCiantis of West Warwick, who resigned recently as assistant to Attorney General John P. Hartigan to become chief of the State division of public utilities, has been selected by Gov. Robert E. Quinn, it is understood, to succeed Judge Carpenter.

Judge Carpenter has been unable to discharge his judicial duties for several months, and due to physical handicaps resulting from his serious illness, it is believed he will be unable to continue on the bench. He was elected with Republican support after serving as Democratic attorney general during the filibuster years of 1923 and 1924.

DECANTIS AMBITIOUS

DeCiantis has long had an ambition to sit on the Superior Court, and because of his extremely close association with Gov. Quinn in State and town politics, he is known to have the inside track, although Col. Thomas J. Flynn, aide to the Governor, is also credited with a desire to assume judicial robes, having been mentioned in the administrative move last session to add two members to the Supreme Court.

Attorney General Hartigan is placed in the background again, as a vacancy looms on the Superior Court, with the result a subordinate resigned from his staff to make it possible for the Governor to appoint DeCiantis without directly offending Hartigan. Secretary of State Louis W. Cappelli has also nursed a judicial ambition.

Gov. Quinn is expected to stand on the same grounds on which Senator Theodore Francis Green stood—that he did not desire to appoint a constitutional officer to a judgeship, because the officer—Hartigan or Cappelli—was elected for a specific two-year term. In other words, running on a State ticket automatically disqualifies a lawyer for judicial hon-

Turn to Page Four, Col. Eight

*continued next
page*

JUDGE CARPENTER

TO RETIRE;

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DE CIANTIS SLATED

FOR POST

JUDGES RETIREMENT

(Continued from Page One)

ors. This would also affect Lieut. Gov. Raymond E. Jordan.

IS PARTY TREASURER

DeCiantis is also treasurer of the Democratic State committee, apparently coming into control of the 2 per cent income tax imposed by Chairman William S. Shawcross and his aides on State employes, under possible loss of their jobs.

Gov. Quinn, in his inaugural address, indicated a desire to reorganize the judiciary of the State from top to bottom, the interpretation being made he would like to get some appointments on the Superior Court. After first denying there would be any move to add two justices to the Supreme Court, administration forces sponsored such a bill.

When Congressman Francis B. Condon was elected to the Supreme Court, party leaders recognized in the strategy a deliberate move to take Condon out of the political picture, because, as the best vote getter in the Democratic party, he was a threat to any Democrat seeking senatorial or gubernatorial honors. Rep. Edmund W. Flynn was likewise vaulted into the position of chief justice for somewhat similar reasons, because he had become a powerful figure as House leader.

All district court judges and clerks are now serving at the Governor's pleasure, but their appointments come up during the next legislative session, when a Republican Senate will pass on them, unless Jordan wields the gavel to protect the Governor's appointees.

Aside from the judicial picture, Democratic State leaders are concerned over the impending special senatorial elections in Bristol and Burrillville, due to factional differences which have developed since the Governor began his drive to oust Walter E. O'Hara from active direction of Narragansett Racing Association.

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DECIANTIS ASKS NON-PAYMENT OF PHONE FEE

Star Tribune Oct. 6

Charges Company Broke
Faith; Gave Mass.
Earlier Reduction

Michael DeCiantis, chief of the State division of public utilities, today asked Rhode Island subscribers who have the French telephone sets not to pay the 15-cent surcharge for October and November, alleging that telephone company officials here broke faith with him regarding the uniform application throughout New England of the discontinuance of the surcharge and a reduced rate for installing the new-type sets.

DeCiantis said the telephone company several weeks ago agreed to make the discontinuance of the surcharge and the transfer rate reduction effective in Rhode Island Dec. 1, and told him this State would be the first one in New England in which such concessions would be made.

Instead, DeCiantis charges, the company granted the same concessions to Massachusetts to apply beginning Oct. 1.

"The company officials assured me," DeCiantis explained, "that Rhode Island was the first New England State in which such reductions were granted, and agreed that if similar concessions were made in other New England States they would see to it that the new rates would apply at the same time and would be uniform throughout New England."

"WAITED PATIENTLY"

"The Massachusetts changes were filed following a hearing before the Public Utilities Commission there Sept. 18, to become effective Oct. 1, and I have waited patiently since then for the local telephone officials to come in and file the necessary changes so that the discontinuance of the surcharge and the reduced transfer rate would also become effective in Rhode Island Oct. 1, but so far they have neglected to do so."

Under the revised schedule, the charge for changing the old style instrument to the new type is to be \$1.40, a decrease of 10 cents, also to be effective under the original agreement on Dec. 1. Now DeCiantis asks that this reduction be made to apply as of Oct. 1, as in Massachusetts.

The utilities chief contends also, as he has held right along, that the \$1.40 transfer rate is too high and has asked the company to appear before the division to show why this rate should not be reduced to \$1.

THURSDAY, OCTOBER 7, 1937

HAND TELEPHONE CHARGE DROPPED

Five New England States Get
Benefit of Reductions
Starting This Month.

\$30,000 SLASH FOR R. I.

Action Follows Sharp Protest by
DeCiantis as Bay State
Got First Decrease

Elimination of all monthly charges for hand telephone sets as of Oct. 1 in five New England States was announced last night by the New England Telephone and Telegraph Company through Harold A. Fasick, division manager.

Fasick's announcement came on the heels of an order yesterday from the State Division of Public Utilities that the company give Rhode Island subscribers at once the same hand set rate reductions it put into effect Oct. 1 in Massachusetts, at the order of the Massachusetts Department of Public Utilities.

Fasick pointed out that the telephone company on Sept. 15 had announced it would voluntarily discontinue the hand set charge in Massachusetts, Maine, New Hampshire and Vermont on Jan. 1, 1938. Under an agreement announced several weeks ago, the company fixed Dec. 1 as the date on which the 15 cents a month service charge for Rhode Island users would be abolished and the \$1.50 instrument transfer charge cut to \$1.40.

When, over the protests of the telephone company, Massachusetts ordered it to discontinue its charge Oct. 1, Fasick said the company came to the conclusion that its customers should receive earlier consideration for the discontinuance of the charge in view of the Massachusetts order.

He announced the company was "filing tariffs to eliminate completely the monthly charge in Rhode Island, Maine, New Hampshire and Vermont, and are requesting the commissions to authorize this on short notice. This elimination of the monthly rate on hand sets means a saving to all hand set users now paying for this service and will benefit our Rhode Island customers in the amount of \$30,000 annually."

Michael De Ciantis, chief of the public utilities division, in his order to the telephone company yesterday to abolish the charge, accused the company of "breaking faith" with him in the Massachusetts case.

He advised all hand set telephone users who are still paying the 15-cent charge "to deduct that charge from their October and November bills. If the telephone company presses them for payment, I want those subscribers to notify me."

Mr. Fasick, in his statement, said that "customers' bills dated Oct. 5 and Oct. 10 will carry hand set charges to those dates. Such charges will be pro rated to Oct. 1, by credits on bills dated Nov. 5 and Nov. 10."

The annual savings to telephone customers using hand sets by the elimination of the charge will be "in excess of \$350,000," Mr. Fasick said.

HEARING PLANNED ON 'PHONE RATES

DeCiantis Says He Will Seek
Reduction on Extensions
and Warwick Area Fees.
P. J., Dec. 30, 1937

A public hearing on the question of discontinuing the 75-cent monthly charge on telephone extensions and on a reduction in telephone rates in the city of Warwick will be ordered, Michael DeCiantis, chief of the State Division of Public Utilities, said yesterday.

Governor Robert E. Quinn, at whose suggestion Mr. DeCiantis looked into the telephone extension and Warwick rate questions, was informed of the utilities chief's decision in a letter yesterday.

Mr. DeCiantis announced his decision to hold a public hearing after he had been informed by Harold E. Fasick, manager of the Rhode Island division of the New England Telephone and Telegraph Company, and counsel for the concern, that the State's request for discontinuance of the monthly extension charge and for a reduction in Warwick rates could not be complied with.

"I felt that in fairness to the telephone company and to the people of the State that a public hearing should be held on the matter," Mr. DeCiantis declared.

The division chief explained that last week he had made the request of Mr. Fasick and had asked for an answer before Jan. 1. Tuesday morning the telephone company's official together with counsel appeared at the utility division's office and declared that the company could not comply with the request.

The date of the hearing is to be set 10 days from the date the notice of Mr. Fasick by the company. At that time officials of the company will be requested to appear with data to support their contention that the extension charge and the reduction in Warwick rates cannot be effected.

Mr. DeCiantis pointed out that the installation charge for an extension is \$2 and the monthly rate 75 cents thereafter for as long as the extension is utilized. During the course of a single year, he declared, the extension user pays \$9 in addition to his bills for telephone calls.

The utility chief, in discussing the rate situation in Warwick, said that users of residential telephones in Warwick are charged 10 cents a call to communicate between certain points within the city and those who use pay station telephones are obliged to pay 15 cents in some instances to make calls from one point to another within the city limits.

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SOUTHERN RATE CUTS OPPOSED

Defensive War Opened by N. E. Governors on Preferential Plan

EASTERN INDUSTRY FACES GRAVE PERIL

A united New England drive to defeat the attempts of southern Governors to reduce freight rates on products leaving their states was inaugurated at a meeting yesterday of the New England Governors' railroad rate committee called by Gov. Francis P. Murphy of New Hampshire.

The committee of 18, made up of three representatives from each New England state, pledged itself to a war in defense of one of the last clubs that northern industry holds over the South. Freight rates in the South are approximately 40 per cent. higher than in the North, chiefly because distances there are great and loads are generally small. Because of this rate differential, northern industry has been able to compensate in part for the cheap cost of production in the South.

NO EXCHANGE OFFERED

Yesterday's meeting was called by Gov. Murphy specifically to devise a plan for combatting the joint petition of nine southern Governors for lower rates of freight coming from the South into the North. The plan

FIGHT SOUTH'S MOVE FOR LOW FREIGHT RATE



Gov. Francis P. Murphy of New Hampshire (extreme left) greeting members of the New England Governors' railroad rate committee at the Ritz-Carlton yesterday. From left to right are Frank J. McArdle of Maine, Michael Deciantis of Rhode Island, Claude H. Swain of New Hampshire, Charles J. McLaughlin of Connecticut, Stephen S. Cushing of Vermont and Joseph P. Quilty of Nahant.

would not embrace proportionate reductions for goods traveling in the opposite direction.

The petition, pending before the interstate commerce commission, was to have been heard in Wash-

ington Nov. 10. New England objections, however, caused the I. C. C. to postpone its hearings indefinitely, so that the opposition may organize.

In calling the meeting to order, Gov. Murphy declared that he did not resent southern efforts to seek reduced freight rates through a \$600,000 advertising campaign and the petition before the I. C. C.

"We have no desire in New England," he said, "to interfere in any way with any proper efforts which our southern friends wish to make to secure legitimate and deserved reductions of rail rates within southern territory."

VITAL N. E. INTEREST

"However, freight rates are vital to the progress of New England industry and our rates are closely inter-related with those applying within and from the South. So, to the extent that the attack by the southern Governors seeks seriously to disrupt our industries, we must intervene to protect our interests."

Reduction in rates on shipments into the North from the South, he maintained, is the eventual aim of the southerners. "The strategy of the moment," he said, "is to utilize every legal device to the end that no consideration whatever be given to rates from the North to the South."

"Any movement which may well result in a revision downward of rates generally within and from the South, is one which should be viewed with the utmost gravity by the New England states."

FORCED TO OBJECT

"Faced with co-operative opposition, the New England states must likewise act in unison."

Claude H. Swain, New Hampshire public service commissioner, was chosen chairman of the executive committee which will frame a report for the New England conference of Governors, to be called probably within the next two weeks by Gov. Wilbur L. Cross of Connecticut. Mor-

ris W. Ford, traffic manager of Connecticut, was named secretary, and Frank J. O'Donnell of Needham, treasurer.

The executive committee plans to study the costs of unified action by the states, how those costs should be apportioned among the states, and who should act as counsel for the committee before the I. C. C.

*The Boston Herald
October 15, 1937*

FERRY DIRECTORS VOTE TO CONTINUE

Nov. 18, 1937 P. J.

pg 40

Will Maintain Saundertown-Jamestown Service at Request of State.

SITUATION TO BE STUDIED

Lieutenant Governor Suggests Commission to Make Recommendations to General Assembly

Service on the Jamestown-Saundertown ferry route will not be discontinued tomorrow as previously scheduled.

Its continuance was assured when the Board of Directors of the Jamestown and Newport Ferry Company, meeting last night in Jamestown, decided to continue the service "for the benefit of surrounding cities and towns in Newport and Washington counties."

The action was taken, Charles A. Brooks, general manager, stated, at the request of the State Public Utilities Division, after a citizens committee of 30 had conferred with Lieut. Gov. Raymond E. Jordan on Tuesday. Mr. Brooks's statement follows:

"At the request of the State Public Utilities Division, the Board of Directors of the Jamestown and Newport Ferry Company, at a special meeting in Jamestown tonight voted to co-operate with the commission and other State officials in continuing this service for the benefit of the surrounding cities and towns in Newport and Washington Counties."

Yesterday, after suggesting that a fact finding commission should be appointed to make recommendations to the General Assembly with respect to the ferry, Mr. Jordan said he would go over the "entire situation" with Governor Robert E. Quinn.

Another suggestion made yesterday was that the State contract for the operation of the ferry with fees for pleasure vehicles reduced to 25 cents. This was proposed by G. Harry Tholl of Wickford, president of the Rhode Island Hotel Association, in a letter to Director of Public Works Charles F. McElroy. Mr. Tholl said deficits resulting from this plan should be made up from gasoline tax revenue.

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#2

NEWPORT MAYOR URGES STATE AID TO RETAIN FERRY

Wheeler Acts to Prevent Closing Jamestown to Saundertown Line Nov. 14.

Nov 6 1937
P. J.
SUBSIDY SEEN NECESSARY

Other States' Solution of Similar Problems Cited; DeCiantis Indicates Holding Hearing

Mayor Henry S. Wheeler of Newport last night urged State assistance to continue operation of the Jamestown-Saundertown ferryboat. The ferry will make its last trip at 7:40 p. m. Nov. 14, according to General Manager Charles H. Brooks of the Jamestown and Newport Ferry Co., unless the State of Rhode Island provides the subsidy.

Discontinuance of the ferry was deplored by Mayor Wheeler, in a statement last night, in which he pointed out that many Newporters use the ferry to reach the west shore. If the ferry goes, persons wishing to reach Jamestown will have to go by way of the Newport-Jamestown ferry in the east passage, and Newporters wishing to reach South County spots will have to take the long overland route.

Urges Co-operation

"It seems incumbent upon communities whose residents find the route necessary," Mayor Wheeler said, "to co-operate in an effort to solve the problem."

State assistance for ferries is no new idea, the Mayor noted. "This ferry route is marked on State maps as part of Rhode Island Route No. 138. In recent years, the State of Maryland aided financially passenger and automobile ferry boats connecting the eastern and western shores of the State of Maryland, and the same is true in Oregon, along the lines of the Coastal highway.

"Newport's transportation facilities were dealt a serious blow when the Fall River Line was abandoned last summer and the loss of the west passage ferry is also serious."

Would Like Discussion

Chairman John A. Weiser of the Newport Chamber of Commerce transportation committee said last night that his committee would be glad to meet with General Manager Brooks, should the latter desire, to discuss the matter.

President Harold A. Kingsley of the Machinists' Union said he was opposed to discontinuance of the ferry and felt it should get State aid to a certain degree because it is part of a public highway. He said he thought the ferry could be made to pay for itself.

Michael DeCiantis, chief of the State Utilities Division, said yesterday that Brooks had informed the division of the proposed discontinuance and had been informed that a petition would be necessary. DeCiantis said he believed that in addition to the petition asking for the right to discontinue part of the service, a public hearing would have to be held, just as in the case of any public utility.

Brooks said yesterday that he could not say now whether the discontinuance of the west passage service would be permanent, but said it was "quite likely" that service would be resumed in the spring. He would not estimate what he thought should be the size of the proposed subsidy from the State, saying he would prefer that a fact-finding commission be named to determine the amount.

He said that the company does not have to seek permission of the State Division of Public Utilities before it discontinues any part of its service because it operates not under a franchise from that division, but under a charter from the Legislature.

In brief, the company holds that the financial return from winter service is not commensurate with the expense of operation; that the company is owned by the small town of Jamestown and the 2000 inhabitants of that community would

Continued on Page 9, Column 8

Continued next
page - # 1

QUINN TO ATTEND N. E. CONFERENCE

Gov. Robert E. Quinn will attend a conference of New England governors in the State House in Boston next Thursday afternoon at which time he will ask the other chief executives to co-operate with him in an effort to obtain better railroad facilities for Rhode Island. Quinn said that common problems will be discussed and that he will seek the other Governors' help to bring the New York Central railroad into Rhode Island as a "forward step" in the State's industrial life. Better railroad transportation may be obtained, it is argued, if the New Haven railroad's monopoly in Rhode Island is broken. The plan under foot is for the New York Central to use the Providence and Worcester line. The session will be held in the office of Governor Hurley of Massachusetts.

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The suggestion that all of the facts of the Saunderstown-Jamestown ferry situation be obtained as a basis for a decision as to the need for a State subsidy is plain common sense. It should be adopted. Meanwhile the service across the West Passage will be continued as a result of action taken by the directors last night.

The West Passage ferry is a link in Route 138 across southern Rhode Island. This route ought to be kept open for through traffic, which may substantially increase over prior years by reason of the terminating of Fall River Line steamboat service from Fall River and Newport to New York.

But the ferry also serves local traffic which would suffer proportionately greater inconvenience than through traffic if no winter service were rendered. For example, it is more than four times as far from Kingston to Newport by way of Providence as by way of Jamestown.

Both of these classes of traffic deserve consideration on the principle that only weather conditions should be accepted as a limitation of public responsibility to keep well-established routes of travel open. Mainland roads are plowed free of snow, cleared of storm-felled trees, poles and wires, and repaired promptly when washouts occur, under this principle. The State and its municipal sub-divisions accept the responsibility for doing this, each with regard to its own highway and bridge system.

The Saunderstown - Jamestown ferry is a joint State-town route and differs also from a State or town road in that because it is a water route expensive to maintain the people of Jamestown may actually be left holding the financial bag as a result of serving non-residents. The issue is whether they will or not, and in what amount, and whether a possible loss would in fact be more than absorbed by profits in other seasons than the winter.

These questions cannot be answered offhand. A careful study needs to be made in order to do justice both to Jamestown and the State.

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URGES STATE AID TO RETAIN FERRY

Continued from Page 1, Col. 4.

have to make up any losses, and that discontinuance of other steamship lines such as the New England Steamship Company have been added to the difficulties of the Jamestown company because it used the same repair and drydock facilities.

Part of Highway Link

Mr. Brooks contends—and states that he is backed up by the consensus of communities adjacent to Jamestown—that the ferry operates as a connecting link on Highway No. 138 extending all the way across the southern part of the State. Therefore, if winter service is expected, the State Department of Public Works should be willing to subsidize the ferry company when that company stands in danger of financial losses through giving service to the traveling public.

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Quinn Is Urged To Back Ferry Service Subsidy

S. T. Nov. 13, 1937

Governor Quinn will be asked by communities on both sides of the bay in southern Rhode Island to use his efforts towards securing a State subsidy to permit continuance of the Jamestown ferry service this winter. This was the outcome of a conference held yesterday at Newport City Hall, with Mayor Henry S. Wheeler presiding, and with members of the town councils and business leaders of various towns in attendance.

A committee will be appointed to draft the argument to be made to Governor Quinn when a conference is held. Those interested have sought in vain, to date, to secure a date for the conference with the governor. In the meantime the Jamestown & Newport Ferry Co. is faced with a request from Michel DeCiantis, chief of the division of public utilities, not to suspend operations on Nov. 19, as proposed unless it has his permission.

Besides Mayor Wheeler and city officials, the leaders in the fight included President Fred Clarke of the Jamestown Board of Trade, the Jamestown Town Council, representatives of towns in Newport and South Counties and Torpedo Station employes, resident in Jamestown.

STATE AID IS HOPE OF FERRY COMPANY

P. J. Nov. 17, 1937

Service Likely to Be Continued

During Winter to Await

Action of Legislature.

JORDAN FAVORS SUBSIDY

Confers with Officials from Newport and Jamestown on Possibility of Financial Assistance

The Newport Ferry Company, operators of the ferry between Saunderstown and Jamestown may continue operations in the hope of receiving an \$18,000 subsidy from the State legislature in January, Lieut. Gov. Raymond E. Jordan announced yesterday after a conference with 30 business leaders interested in the continuance of the ferry.

Mr. Jordan said he believes the State should aid the ferry, but added that this might be difficult in view of the State's financial condition.

The delegation, led by Mayor Henry S. Wheeler, of Newport, and James H. Brooks, of the Ferry Company, told Mr. Jordan the company would consider operating through the winter in hope of getting financial aid. The directors will meet today or tomorrow to discuss the question.

Michael DeCiantis, chief of the State Division of Public Utilities, who also attended the conference, raised the question of constitutionality of a proposed State grant to a privately owned corporation. Mayor Wheeler declared, however, that the company is owned by the Town of Jamestown. The lieutenant-governor said that this point would have to be looked into but that in his opinion it would not be unconstitutional for the State to appropriate money for a municipally-owned company.

A petition signed by 100 students of Rhode Island State College who use the ferry on week-ends and holidays to reach their homes in Jamestown or Newport county communities was submitted to Mr. Jordan with the request that the State aid

FERRY SUBSIDY HEARING OPENS IN STATE HOUSE

S. T. Nov. 16, 1937

Jordan Hears Arguments
of a Score of Taxpayers
for Service

A score of persons from Providence, Newport and South counties called at the State House today to argue for a State subsidy for the Jamestown and Newport Ferry Co. in order to avert suspension of transportation between Saunderstown and Jamestown. Service is scheduled to end for the winter Friday, because of an anticipated lack of revenue.

The delegation had an appointment with Governor Quinn, but it developed that the chief executive is at home suffering from a cold and Lieutenant Governor Jordan substituted for him.

Michael DeCiantis, chief of the Public Utilities Division, was present at the conference. As the meeting got under way, Jordan barred the press.

The group from Newport, headed by Mayor Henry S. Wheeler, filed a brief with the State authorities.

Among those present were: Charles Brooks, manager of the ferry company; Alderman John Mahan of Newport, J. T. O'Connell, of the transportation committee of the Newport Chamber of Commerce; Maurice Borden of Newport, Isaac Bliss, chairman of Little Compton Town Council; Frank Silvia, of the Little Compton Town Council; Fred Clarks, president of the Jamestown Board of Trade; James Muldowney, president of Narragansett Chamber of Commerce; Charles Tholl, president of the Rhode Island Hotel Men's Association; G. Herbert Wright, president of the Jamestown Town Council; Murray Gates, of South Kingstown Town Council; W. Gurnee Dyer of Portsmouth Town Council; Samuel W. Smith, Jr., of Jamestown, and Richard B. Watrous, executive secretary of the Providence Chamber of Commerce, representing the Rhode Island Development Conference.

the ferry company to prevent discontinuance of any part of the service.

BRISTOL LINE LOSES ON PETITION TO END PASSENGER SERVICE

Evening Bulletin Dec. 27, 1937

STATE BOARD SCORES
DEVELOPMENT BY ROAD
OF BUS COMPETITION

*Text of Ruling
Rejecting Plea
of Bristol Line*

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Ruling Permits New
Plea to Curtail
Off-Hour Trips.

The text of the decision by the State Division of Utilities on the petition to discontinue passenger service on the Warren-Bristol line follows:
"This is a petition brought by The New York, New Haven and Hartford Railroad Company, through its trustees, to discontinue all passenger service on the line of the Providence, Warren and Bristol Railroad Company.

LATE TRAINS BLAMED

Commuters Forced to Adopt
Other Transportation,
Decision States.

Authorities Notified
"The matter was assigned for public hearing at 10 o'clock a. m. on September 14, A. D. 1937 at the office of the Division, Room 102, State Office Building, Providence, Rhode Island, due notice having been given to the interested town authorities. Evidence was taken at the hearing on September 14, after which it was continued until September 24, A. D. 1937.

The State Division of Public Utilities today denied the petition of the New Haven railroad to abandon all passenger service on its Warren-Bristol branch line, retaining only one track of the line south of Riverside for freight service.

In its decision, made public by Chief Michael DeCiantis, the division at length described the steps taken by the railroad to compete with itself through operation of its own bus service, and scored the failure of the railroad so to arrange its morning train trips so commuters of the east shore could be assured of being at work in Providence on time.

"The petitioner alleges that passenger service cannot be operated on the line of railroad of the P. W. & B. except at a substantial loss' and that 'discontinuance of such service will not unduly affect the public interest.' This conclusion, it is claimed, is

Continue on Page 8, Col. 2.
Railroad

Loophole Granted

One loophole for a further petition by the railroad was left: the division granted permission to the road to file a new petition for curtailment of certain trips during mid-day and off-peak hours.

The railroad, in its petition for discontinuance, had claimed that the consolidated line could not be operated except at a substantial loss and that discontinuance would not affect the public interest.

This contention was based on the experience of the railroad and on experiments with respect to service and rates.

Freight Profit Anticipated

The petitioner did not ask discontinuance of freight service on the line.

Current losses on this service were attributed to adverse business conditions and the belief was expressed by the railroad that with an industrial upturn the freight service might be operated at a profit.

The division's order pointed out that under the corporation set-up, the Providence, Warren and Bristol Line was guaranteed an annual \$3 stock dividend in addition to payment of taxes and assessments and some small salaries, or better than 6 per cent annually.

Some of this, the order pointed out, is received back by the New Haven by way of dividends and payments.

Could "Sit Back"

The Division held that such a set-up permitted the Consolidated Line to "sit back" and feed the New

Continued on Page 8, Col. 4.
Bristol Line

*Continued
next page
#1*

RAIL DECISION SOON
P. J. 12/24/37
Ruling on Bristol Branch to Be Made Monday.

Michael DeCiantis, chief of the State Division of Public Utilities, said yesterday that decision of the division on the petition of the New Haven Railroad to discontinue service on the Providence, Warren and Bristol branch would be announced next Monday.

Meanwhile, A. H. Payne, general manager of the New England Oyster Exchange, advocated a comprehensive study of transportation problems by the proposed Bristol County Betterment Committee with particular regard to the situation that may result if abandonment of the Consolidated Line is permitted. Mr. Payne suggested that the committee cooperate with railroad officials in working out a plan to mutual advantage.

FACTS MUST BE FACED SAYS R. R. OFFICIAL

"Although some citizens of communities served by the Providence, Warren and Bristol line are vigorously protesting against proposed discontinuance of passenger service, the latest report of earnings do not indicate that the communities are interested in its continuance," declared E. J. Phillips, counsel for the company, in a statement today.

"To the contrary," Mr. Phillips said, "figures for the first five months of this year, just available, show a continued decline in business. Passenger revenues for these months were thirty per cent lower than last year. The number of riders for the first five months of 1936 was 145,058, while the first five months this year the number was 107,787, a decrease of 38,071. Passenger revenue dropped from \$26,326.25 to \$18,318.74.

"These figures do not evidence any general desire on the part of the communities to patronize the line and thereby retain the service," Mr. Phillips continued. "The only justification for continued service is sufficient patronage. The trustees, under their duty to conserve the assets of the New Haven and the Providence, Warren and Bristol, both of which are in proceedings for reorganization under the Bankruptcy Act, cannot continue to operate the service at a loss. Last year the loss was in excess of \$60,000. This year it will be more.

"The communities served, as well as the trustees, must look the facts squarely in the ace and recognize that the passenger operations have become a liability because a majority of the former passengers have deserted the trains for the private automobile. There are still some who use the trains. Their continued patronage is appreciated, but unfortunately they are so few that the operation of passenger service on this line does not meet its out-of-pocket costs."

RAILROAD

Continued on Page One.

based on the experience of the New Haven and on the experiments with respect to service and rates that have been made as well as on the studies indicated.

"The petitioner does not ask to discontinue and abandon the freight service on the line. On the contrary, while the evidence presented shows that the freight service is operating at a loss, nevertheless this is attributed to poor business conditions and it is felt a change in such conditions for the better will make freight service profitable.

'Relic of Financing'

"The New Haven Railroad Company is a stockholder of the P. W. & B. Railroad Company. Under lease terms between the P. W. & B., the Old Colony Railroad Company and the New Haven (now disaffirmed by the trustees), the P. W. & B. is guaranteed three dollars (\$3.00) semi-annually on its stock, besides the payment of taxes and assessments and some small salaries, decidedly better than a six per cent. return annually. This is paid by the New Haven and some of it is received back by way of such dividends and payments. This is a relic of financing of earlier days, not now universally defended, to be sure, but one that let the P. W. & B. sit back, feed the New Haven with whatever business it had, much or little, and be guaranteed a suitable return, earned or unearned.

"The line has certainly had plenty of experimenting at its expense. Even when earnings appeared to justify improvements in equipment, these were not forthcoming. The dividends were guaranteed; the equipment was such that riders drifted away. And when the New Haven, through its New England Transportation Company, established a bus line serving identical areas, even more riders ceased to ride on the railroad. Gas-electric cars, with or without trailers, with not altogether convenient entrance, with no opportunity to pass from car to car, and with gas fumes not infrequently nauseating passengers, were used as equipment, with consequent further loss of riders.

"The petitioner points out that loss of short branch line railroads is due to a combination of bus activity, with the private automobile furnishing the final straw—together with the perfect roads with which the State has paralleled the railroad's right of way." Petitioner further points out that for the year ending May 31, 1937, there was a decided deficit in the passenger department, and that while this deficit in passenger revenue has heretofore been paid by the New Haven, it will now be chargeable to the P. W. & B., since the lease has been disaffirmed. The court has ordered now that the P. W. & B. finances be separated. It is pointed out "that the freight revenue alone does not pay its way, but it is hoped that with the development of business, it will at least break even and perhaps show some profit." This is a conspicuous note of optimism indicated by the petitioner.

Holds Busses Preferred

"Petitioner points out that the P. W. & B. does not follow in many places the route of the New England Transportation Company busses, noticeably at East Providence, Riverside, Nayatt, part of Barrington and West Barrington, where there is a substantial distance between the two routes. The various settlements between Warren and Bristol, by the shore, are nearer the railroad than the bus line. Yet, as the petitioner points out, 'the people prefer the bus. The result is that the people have made their choice, which leaves the rail lines with thinned out revenue not sufficient to meet its operating expenses.'

"A natural inquiry is: 'Why is this so?' The evidence shows that this is due in part to general conditions and in part to the railroad, in that the equipment is old and very expensive to maintain; that it is constantly wearing out and necessitates expensive repairs. The present equipment was second-hand when installed on the P. W. & B. and proved inadequate to handle increased passenger service economically when such increase occurred in 1935.

"It was called to the attention of the Division that the trains scheduled to arrive at the Union Station ten minutes before opening time of nearby large factories, have been permitted to arrive so late that the passengers who were operatives have been penalized by the loss of one hour's time at their places of employment. Hence, the passengers have been forced to seek other means of transportation as a necessity to preserve or save their jobs.

Testimony Cited

"There isn't any doubt in the mind of this Division, from the evidence introduced, that there is such an intercorporate relationship between the New England Transportation Company and the petitioner, that it

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RAILROAD TRUSTEES STUDYING APPEAL
12/25/37

The trustees of the New Haven railroad will meet at Boston today to consider possible appeals from the decision handed down yesterday by the State Division of Public Utilities which refused permission to have the railroad abandon the Providence, Warren and Bristol consolidated line.

At the railroad's law offices here, it was said that the trustees in bankruptcy must decide what action might be taken. The trustees are Howard S. Palmer, J. Lee Loomis and Henry B. Sawyer.

The New Haven road, now in bankruptcy, under Section 77B of the Bankruptcy Act, had petitioned the State for authorization to abandon the suburban line except for freight removal south of Riverside.

has caused its owners to neglect the proper operation of the railroad facilities, and has directed its efforts in building up a bus transportation, so that in time it would bring about the elimination of this small branch railroad. This is shown by the fact that busses are operated more frequently and through so many communities which are contiguous to the sections served by the Providence, Warren and Bristol branch.

"The following question was asked by the Chief of the Division of Mr. Caley, a witness for the petitioner: 'Q. Suppose you were running the Warren and Bristol line and the New Haven was not in the bus business at all, but there was another company operating busses, you would do everything in your power to compete to get the passengers on your trains?'

"A. We did purchase the busses from the outside companies.

"Q. So that you put them out of business and went in yourself?

"A. I wouldn't say that. We felt if we were going to take money out of the railroad, we should have them."

"This shows that the petitioner was using the money from the railroad to buy up busses which were competing against it in that particular area. This brought about a condition where the petitioner was competing against itself and this type of competition should not be encouraged, because it is against public interest.

Estimates Questioned

"The petitioner introduced certain general statements and figures in evidence concerning the cost of operation, in support of its petition, showing profits and deficits. However, a perusal of these figures shows that they do not substantiate any losses. These figures are general estimates and are not actual costs, as could be determined or reconciled by vouchers. The petitioner did not and was unable to produce data from records of the P. W. & B. because there were no separate records kept of the P. W. & B.

"It is apparent that if the petition is granted, the double track between Riverside and Warren will be eliminated. Such action would prevent any other utility from operating a passenger service at any future time. This petitioner and other public utilities are given special grants by the Legislature—such franchises as acquiring property under eminent domain—a privilege which is not extended to any private corporation. These special grants were given with the understanding that the petitioner would give the public a real service which would continue in the interest of the public. There is, therefore, an obligation imposed upon this petitioner to carry out its contract with the State.

"This Division is of the opinion that if it is allowed to discontinue the passenger service, the bus service, which is controlled by this petitioner, might very well fall into the same state as the present railroad and thereby deprive the entire area concerned of all transportation facilities. For there is some evidence in the case where the New England Transportation Company has shown a deficit for a certain number of years. The petitioner's witness was asked:

"Q. As a freight line would you recommend, as an expert, as a man who evidently knows a great deal about this business, to the New Haven to go ahead and sell it?"

"A. No."

"Evidently the petitioner not only wants to discontinue the passenger service, but wishes to create a condition whereby no group can or could operate the present rail service.

Travel Found Sufficient

"The busses are furnishing half-hourly service during the middle portions of the day and there appears to be sufficient travel to warrant, in the opinion of railroaders who have worked out this time schedule, both train and bus service in the early morning and early evening hours, at times not very far apart in many cases.

"The petitioner desires to continue the freight service. For this purpose

the line itself and various services and connections will be necessary. Even though there is a question as to the extent of inconvenience to the public to discontinue the midday train, the Division, however, is of the opinion that to discontinue the midday train for a trial period is justifiable.

"It is, therefore,

"ORDERED: That the petition is denied and dismissed. However, the petitioner may file with this Division a new petition requesting the curtailment of certain trips during the off-peak hours."

BRISTOL LINE

Continued from Page One.

Haven whatever business it had. At the same time it was guaranteed a good return "earned or unearned."

The order said that when the line was being operated at a profit, justifying improvements in equipment, these improvements were not forthcoming.

As a consequence, it held, some of the passengers drifted away.

It was also pointed out that additional patrons of the line took the opportunity of using the bus line operated by the New England Transportation Company, a subsidiary of the New Haven.

The order took the position also that the use of gasoline trains on the line caused further loss of patronage.

For the year ending May 31, 1937, the petition declared that the consolidated line suffered a decided deficit in its passenger department. It was asserted that whereas the whole deficit had heretofore been paid by the New Haven, it now is chargeable to the Providence, Warren and Bristol branch since the lease has been disapproved and the Federal Court had ordered finances to be separated.

The order pointed out that because some trains arrived in Providence only 10 minutes before the opening of business and industrial establishments, many passengers elected to avail themselves of some other means of transportation, for fear late trains would cause them to be late for work and they would be docked an hour's pay.

DRIVER RELEASED ON BAIL

Paul J. Losi in Westerly Court After Hopkinton Accident.

Paul J. Losi, 30, of College Point,

for
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NEW HAVEN R. R. CLAIMS LOSSES ON BRISTOL LINE

The State Supreme Court today heard arguments on the appeal of the New Haven railroad from refusal of the State Division of Public Utilities to allow it to discontinue passenger service on the Providence, Warren and Bristol line.

While desirous of ending passenger service, the railroad wants to continue freight service on the line.

In his argument to set aside the utilities division's ruling, Eugene J. Phillips of counsel for the railroad, contended the road had to make up a deficit of nearly \$1,000,000 in operation of the branch line since 1924.

Arguing in support of the division's ruling, Asst. Atty. Gen. John J. Cooney, said the railroad, having obtained a charter to provide facilities for both passenger and freight service, is compelled to abide by the charter unless excused by the General Assembly.

YOUNG PROBE OF UTILITIES TO END OCT. 1

Says Investigation Makes Rapid Headway In Radio Address

Star Tribune—9/10/37

The investigation of electric companies in Rhode Island being made for the State by Frederick A. Young, former chief of the public utilities division, is making rapid headway and Young's report and recommendations will be completed by Oct. 1, 1938.

Young made that prediction in a radio address last night in which he outlined the aims and plans of the survey and told of the work that has been done so far. Young delivered the address, he said, in order to give the public "a clearer understanding of the procedure and purpose of the investigation."

The survey of the State's electric companies was authorized by the General Assembly and \$250,000 was appropriated for the purpose.

Young said the purposes of the investigation and evaluation of the State's electric utility companies are: 1. To ascertain that the consuming public obtains adequate service at the lowest rates; 2. To obtain basic facts essential to intelligent, efficient and effective regulation for the future; 3. To provide factual data to be used in considering advantages of public power.

FAIRNESS IS AIM

After outlining the steps being taken in carrying out the inquiry, Young declared that it should be evident to all "that any utility which is obtaining high rates on fictitious valuation or improper charges will find cold comfort from this investigation."

"It may appear that I am antagonistic towards utilities" the investigator continued. "This is not so, but I am against sophistical methods of obtaining high rates. Any utility inclined towards fairness will receive equitable treatment."

The speaker gave the public an idea of the work that has been accomplished so far. Young said that a staff of accountants and engineers are now working simultaneously at the Narragansett Electric Co., the Blackstone Valley Gas and Electric Co., and the Newport Electric Corp.

The accountants, he said, at the Narragansett Electric Co. have made schedules showing description of work orders capitalized for the years 1927 to 1936 and schedules of vouchers to be examined representing plant additions for the years 1919 and 1927. Also, he said, additions and retirements have been summarized, for the years 1924 to 1936, inclusive.

EQUIPMENT LISTED

The engineering division, Young related, has completed the listing of all the steam generating equipment and all electric generating equipment and accessories at the South street power plant and is now making an inspection and inventory of all the above mentioned power equipment.

At the Blackstone Valley Gas and Electric Co. the investigating accountants have completed summarizing additions and retirements from 1912 to 1936, Young declared, and have made reconciliations of plant valuations as between company statements, audit reports and tax returns for the years 1912 to 1936. Other work by the accountants is also going on at the Pawtucket plant, while the engineering division is engaged in listing plant equipment in transmission and distributing systems, such as poles and wires in preparation for inventoring such accounts.

The accountants working at the Newport Electric Corp. are engaged in reconciling plant valuations as between company statements, audit reports and tax returns from 1912 to 1936, Young said.

"Although this report of progress is of unusual nature," Young declared, "it is evident that we are making most unusual headway."

"In closing, I may add that from the progress made to date it appears that my report and recommendations will be in the hands of Michael DeClantis, chief of the division of public utilities, on or before Oct. 1, 1938."

BLACKSTONE VALLEY GAS RATE IS CUT

ST. Tr. Dec. 4, 1937
Company Agrees on Half Cent Per 100 Cubic Feet Reduction

\$22,000 SAVING SEEN

Reduction of one half a cent per 100 cubic feet of gas consumed monthly by residential customers using between 400 and 13,599 cubic feet was agreed to today by officials of the Blackstone Valley Gas and Electric Co. and Chief Michael DeClantis of the State division of public utilities.

The estimated savings per year to the consumer involved is \$22,000.

DeClantis declared the reduction is the result of his demand that the rate structure for domestic customers be lowered. He said that after a series of conferences with David Daly, president of the firm, Lester Knapp, and Daniel Morrissey, attorney for the company, the new rate was approved and will become effective Jan. 1.

NEW BILLING POLICY

In announcing the new rate, DeClantis also made it known that a new policy of billing will prevail. The company, instead of continuing to add 10 cents to each bill as a penalty for non-payment within 10 days, will show a net charge for gas consumed. If the bill is not paid within the 10-day period, a further charge of 10 cents will be made.

This feature of the billing does not save the consumer any money, it was said. It presents a clearer picture of the charges incurred by the customer, declared DeClantis.

Previously the 10-cent additional charge, DeClantis said, made it appear that this premium was a part of the cost of gas. DeClantis said that such a custom was deceiving.

FIVE-CENT DIFFERENTIAL

In the present rate structure, a customer using 1000 cubic feet of gas in one month is billed for \$1.77. This includes the 10-cent charge which he may save by payment within 10 days after presentation of the bill.

Under the new rate, a customer using 1000 feet will be billed for \$1.62. The differential between the two net charges would be five cents. However, if the customer fails to remit within the 10-day period, he will incur a further cost of 10 cents, making his bill \$1.72.

Customers to be affected by the new rate are residents of Pawtucket, Central Falls, Woonsocket, Cumberland, Lincoln, Burrillville, North Smithfield and North Providence.

NEWPORT GAS CO. ANNOUNCES CUT IN CHARGES

N. T. 12/23/37

Five-Cent Reduction to Save Consumers \$5000 Per Year

Starting Jan. 1, customers of the Newport Gas Light Co., will pay five cents less per thousand cubic feet of gas than they are now charged. The saving is estimated at between \$4000 and \$5000 for the city consumers per year.

This announcement was made today by Michael DiClantis, chief of the Division of Public Utilities, following a conference with officers of the utility and Cornelius C. Moore, attorney for the company.

Under the present rate, a consumer using 1000 cubic feet of gas pays \$1.73, after deduction of all discounts. The new billing will be \$1.68 for the same consumption. Likewise, customers who use 2000 cubic feet would be billed for \$2.91 as against the present charge of \$3.01.

Present discounts of 10 cents on the use of each thousand cubic feet of gas and the additional five per cent discount on bills paid within 10 days after presentation will continue in force. The \$1.68 per thousand feet will be the net cost after the two discounts for that amount have been deducted.

DiClantis said that the Newport company had voluntarily proposed the new tariff following his request that a reduction be made. The utility chief has brought about reductions of gas and electric charges in other communities throughout the state, during the past several months.

GAS RATES REDUCED IN 3 TOWNS

N.T. 12/31/37

Warren, Bristol and West-erly Benefit by Cut

\$6000 SAVING

New Schedule Slashes Charge 12 Cents to 4000 Consumers

The Narragansett Electric Co. will reduce its charges for domestic gas used in Warren, Bristol and West-erly beginning tomorrow, with a saving of approximately \$6000 annually for more than 4000 consumers, it was announced today by Chief Michael DeClantis of the State division of public utilities.

Effective also tomorrow, and previously announced, are gas rate reductions for certain classes of consumers of the Blackstone Valley Gas & Electric Co., promising a \$22,000 annual saving and gas rate reductions by the Newport Gas Light Co. expected to bring savings between \$4000 and \$5000 annually to consumers.

12-CENT REDUCTION

Under the new rates announced by the Narragansett Electric Co. today, 1000 cubic feet of gas monthly will cost the user \$1.67, a saving of 12 cents over present rates. The new charge for 2000 cubic feet of gas will be \$2.97, also a saving of 12 cents.

DeClantis, in making the announcement of the new rate schedule, said that the company had complied with his order to make a reduction in its charges for gas. William Webster, vice president of the company, was authority for the estimate of \$6000 annual saving to consumers. DeClantis said the consumers affected included 1094 in Warren, 1708 in Bristol and 1594 in West-erly.

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OAKLAWN TO SEEK U. E. R. BUS ROUTE

Council Committee to Ask Rail-
way to Substitute Coaches
for Trolleys.

PUBLIC HEARING HELD

Former Mayor Sullivan, Boyden,
Brayton and Other Residents
Critique Present Service

The Cranston City Council Rail-
roads Committee will ask the U. E. R.
to establish a direct half-hour bus
service from Oaklawn to Providence
with no increase in fare. This de-
cision was reached at a public hear-
ing in the Cranston City Hall last
night.

Former Mayor Edward M. Sulli-
van told the committee that citizens
in outlying sections were forced to
buy automobiles to care for their
transportation when the street rail-
road inaugurated a zone system for
fares.

Ben Boyden, member of the
School Committee, denied that the
United Electric Railways is an im-
poverished company and submitted
figures which he said were the com-
pany's own and could be substantiated
in any local bank.

Representative Robert M. Brayton
decried the efforts of the street rail-
road, as did many other Meshanticut
Park residents in what was ad-
mittedly the greatest community up-
rising within the city in many years.
It was referred to by Mr. Sullivan
as a united effort in which political
alliance, race and other distinctions
were abandoned for community good.

The meeting was called by the City
Council committee on railroads. That
body had received a petition from
Ward Four for improved service and
among the requests was that the elec-
tric cars be discontinued and gasoline
busses be installed.

City Council President Everett W.
Higson presided and in addition to
all city officials from Ward Four,
Mayor Ernest L. Sprague and City
Solicitor Edward W. Day.

The chairman submitted two
propositions from the street railroad,
both of which were unanimously
turned down as offering no relief.
It was to consider these proposals
from the public service company that
the hearing was called.

Boyden Opens Session

Mr. Boyden opened the discussion
warning the audience that they were
dealing with the Rhode Island Public
Service Corporation.

He told his listeners that, while the
U. E. R. was not a money-making
company, the company behind it had
declared dividends of \$2 a share for
the past several years.

"Stock of the Rhode Island Public
Service Company is regarded as a
good investment by virtually all in-
vestment bankers," he said. "There
are 500,000 shares of preferred stock
outstanding, and for several years
this stock has paid a yearly dividend
of \$2 per share. The stock can be
purchased for about \$32.50 a share.
It is redeemable at \$33 per share.

"The U. E. R. is not a paying com-
pany but it cannot be separated from
other units in the parent company.
The latter is prosperous. In view of
the financial record of the R. I. Public
Service Company it is difficult to
understand how the U. E. R. can be
presented as just a poor relative. The
record speaks for itself.

"Gross earnings for the R. I. Public
Service Company for the 12-month
period ending June 30 amounted to
\$17,151,205.05. Operating expenses,
taxes and maintenance amounted to
\$11,082,585.82. This left consolidated
net earnings of \$6,068,619.23. After
paying interest charges on the fund-
ed debt and paying preferred stock
holders \$1,000,000 in dividends, there
was a consolidated balance for de-
preciation, dividends, etc., of \$3,658,-
408.78.

Urges Bus Service

"Now I urge we disregard these
recommendations and ask direct bus
service to Providence. Let's demand
it, and if we don't get action, let's
go to the State House to the Public
Utilities Commission," Mr. Boyden
concluded.

Mr. Brayton expressed the opin-
ion "we have had continuous trouble
with the company ever since the line
was put in." He said that the resi-
dents are paying too much in fares,
and offered two demands; first, a
direct service to Providence, and
second, that the running time from
Oaklawn be cut down, and added
that the cross-town service that the
company offered to improve had
nothing to do with the present prob-
lem.

Olin P. Taylor, who said that he
has been a resident of Meshanticut
Park for the past 38 years, com-
plained of the slow schedules and
said: "The policy of the company
would seem to indicate that they are
taking the cream, and that pretty
soon there won't be any milk to take
the cream from."

Mr. Sullivan, who is also a resi-
dent of Meshanticut Park said that
he is "sick and disgusted with con-
ditions, and that both plans are un-
acceptable to me." He told of an in-
stance in which a driver of one of
the Meshanticut Park trolleys was
ignorant of the location of the dis-
trict, and cruised around in Provi-
dence searching for it.

Makes Three Demands

The former mayor made three de-
mands. Saying that many people
cannot use the trolleys because the
condition of the rails causes car sick-
ness, he demanded new rails and ties
and that a direct bus line from Oak-
lawn to Providence with a half-hour
schedule be established.

Mr. Sullivan warned that prospec-
tive new residents are being driven
to establish their homes in other lo-
calities because of the lack of trans-
portation to Meshanticut Park, and
said that the city is losing tax reve-
nue which would be a valuable addi-
tion to municipal income.

"I hope that the city officials will
look upon this as a great community
problem," he concluded, "and they

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CRANSTON

Boyden Renews Campaign to
Get Better Trolley Service
for Meshanticut Park.
P. J. 1/26/38

DE CIANTIS HELP SOUGHT

Boyden Says City Powers Seem
Apathetic Where Public Util-
ity Is Involved

Ben Boyden, spokesman for the
Meshanticut Park residents in a
campaign for better trolley service
that has remained dormant for the
past few months, reopened the ques-
tion last night with a statement that
"We are not going to bother any
longer with the city government. It
is apparently futile to expect any
definite action from the city where
a public utility is involved."

Mr. Boyden said that he had con-
ferred with Michael De Ciantis, chief
of the State Division of Public Util-
ities, to ascertain the steps which
would bring about the quickest
action.

Informed that the State could not
enter the matter until asked to do
so, Mr. Boyden plans to gather signa-
tures requesting the division to in-
vestigate the service offered by the
United Electric Railway on the Me-
shanticut Park line.

The Railroads Committee of the
Cranston City Council held a public
hearing on the matter last August.
The unanimous request of the large
crowd that attended was that bus
service be established on the line,
and if that were not possible, that
the rails on the line be repaired to
improve what was maintained to be
a dangerous situation.

"We have waited over six months,
and nothing has been done," Mr. Boy-
den said. "If the U. E. R. insists on
running a trolley service on the line,
the people of Meshanticut Park and
Knightsville will insist on rails heavy
enough to carry the car. We want
safe trolley service."

"In recent years the U. E. R. has
always had its own way," Mr. Boy-
den continued. "The company has al-
ways relied on the town and city
governments to protect the railroad's
interest. This time we don't propose
to let them get away with it."

"In the petition we will ask Mr. De
Ciantis to assign one of his experts
to ride over the line, and to instruct
the motorman to drive at varying
speeds. We are willing to abide by
the expert's finding. We maintain
that anything above 12 miles per hour
is hazardous."

will have the entire backing of every
person in Meshanticut and Oaklawn
in their attempts to get some action
from the company."

Others who spoke included Earl
Folsom, clerk of the Board of As-
sessors, and James Jenkins.

Everett W. Higson, chairman of
the railroads committee, who esti-
mated that more than 40 persons
were present, then put the question
to a vote. The offer by the U. E. R.
to put the line under strict super-
vision and to publish schedules was
unanimously turned down as a solu-
tion of the problem, as was the offer
of increased cross-town service.

PETITION TO DROP BUS LINE IS FILED

Cranston and West Warwick
Officials are Expected to
Appear at Hearing.
P. J. Nov. 23, '37

GOVERNOR IS INTERESTED

Says He Will Not Interfere Di-
rectly, But Favors Study of
Route to Washington

A petition to abandon the bus line
from Providence to the town of
Washington through Cranston and
West Warwick, was filed yesterday
by the New England Transportation
Company with the State Division of
Public Utilities, which fixed Dec. 8
as the date for a public hearing.

Considerable opposition already
has developed. It was learned, when
City Solicitor Edward W. Day of
Cranston, and Ben Boyden, a mem-
ber of the Cranston school commit-
tee and a resident of Meshanticut
Park, announced that they will ap-
pear with others at the hearing to
fight the petition.

Gov. Quinn said yesterday morn-
ing he would not interfere directly
in the matter, but as a resident of

West Warwick, would suggest that
Town Solicitor Joseph R. McCanna
of West Warwick should look into
the possible effect of discontinuance
of the bus service in that town.

The petition filed by Eugene J.
McElroy, counsel for the New York,
New Haven and Hartford Company,
stated that the bus line, which took
the place of the railroad service in
that area three years ago, has been
run at a "serious loss" because of a
decrease in the number of passengers
and the fact that the United Electric
Railways Company operates a ser-
vice over practically the same route.
The petition asks that the company
be allowed to discontinue the bus
service next Jan. 1.

CRANSTON

U. E. R. Offers Two Plans
for Oaklawn-Meshanticut
Trolley Service.

REPORTS TO CITY COUNCIL

Stricter Supervision of Present
Line or Faster Cross-Town
Busses Suggested

The letter from Alonzo R. Will-
iams, general manager of the United
Electric Railways, to Everett W. Hig-
son, chairman of the railroad com-
mittee of the Cranston City Council
relative to the company's offers on
the problem of Meshanticut Park
trolley service was released at the
City Hall late yesterday afternoon.

Mr. Williams made two offers to
the city officials. The first was to
set up a more strict supervision of
the Meshanticut Park line, and to
publish and distribute a time table.
The second offer was to establish a
faster service on the cross-town line.

The letter said, "It was brought
out at our meeting that the passen-
ger traffic from Oaklawn, Meshan-
ticut Park, Knightsville and that area
up to but not including the Print
Works was so light that it would be
impossible to deal with the locality
as a unit separate and apart from
other units of population.

"Except for a few hours during
the morning and evening rush, the
total number of passengers carried
was less than 10 per trip, and in sev-
eral cases no passengers rode.

"It was brought out that earnings
from that area amounted to but 14
cents per mile, with a bare operat-
ing cost of 27 cents per mile. * * *

"With these facts before us, which
it seemed to me were perfectly un-
derstood by all concerned, the ques-
tion then arose as to what could be
done to better the service, though
with but one or two exceptions, no
complaints had ever been received
by the officials of this company over
a period of years regarding inade-
quacy of service.

"I propose to you two plans. The
first plan was that we would under-
take an immediate supervision of the
line in order to assure the residents
continuous and good service, with-
out any change in the present setup.

"In other words, if the service were
irregular and poor and subject to
continuous complaints, we would see
that the causes for such complaints
were eliminated immediately.

"If the residents of the area were
in doubt as to the leaving time of
the various vehicles, we promised to
print a little booklet giving actual
leaving time of all our equipment
in that area, and promised to dis-
tribute the booklets to residents of
the community.

"We then offered to give you an-
other plan. In line with the thought
that with the removal of the City
Hall from Knightsville there might
be a need for increased cross town
service such as is operated in Paw-
tucket, we proposed that busses
would leave Oaklawn through Oak-
lawn avenue, Meshanticut Park to
Cranston street, the Cranston Print
Works area, Gansett avenue to Park
avenue, Park to Broad street, Broad
to Pawtucket, and then through Fair
street to North Country Club drive
in the city of Warwick; these busses
to maintain a half-hour schedule all
day long instead of the present hour
one, together with 15-minute sched-
ules during the morning and evening
rush hours from and to Cranston
street and Gansett avenue to Me-
shanticut Park.

"It occurred to us that under this
scheme the City of Cranston would
have a cross-town line bisecting the
various business areas, and also
passing the new City Hall and the
stadium together with the theatres
in the Auburn district.

"Under this plan busses would
connect with the Cranston street cars
and the vicinity of Gansett avenue
and Cranston street, and connect
with the trackless trolleys at Reser-
voir avenue and Auburn, enabling
passengers to proceed down Reser-
voir avenue, Pontica avenue, or Elm-
wood avenue by trackless trolley or
Broad street by street car.

"Such a situation is present in the
City of Pawtucket, where several
lines cross the centre of the city and
people desiring to go in one or more
directions are enabled to do so at
these connecting points.

"Those desiring to proceed to
Providence by way of Cranston street
would save three minutes over the
present running time, and there will
be no change in the fare structure.

"I have tried to explain in this
communication as best I can in writing
the two plans suggested at the meet-
ing a few weeks ago with you and
Mr. Town. We are only too glad to
do what we can within the limits of
possibility of the situation as it
exists."

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10 20 30 40

CRANSTON

Direct Bus Service Will Be Demanded at Mass Meeting on Tuesday.

BOYDEN ISSUES CALL

Delegation Will Be Chosen to Appear Before State Utilities Leader

Residents of Oaklawn, Meshanticut Park and Knightsville will hold a mass meeting in Meshanticut School Tuesday night to authorize a delegation to appear before the State Division of Public Utilities to demand direct bus service to the centre of Providence, it was announced last night.

Ben Boyden, a member of the School Committee from Ward four and spokesman for residents of that section in demand for improvements, announced he had held a conference with Michael De Ciantis, chairman of the Public Utilities Commission, and asked opportunity to formally present evidence that the U. E. R. has failed to give adequate service.

In explaining the call for the mass meeting Mr. Boyden declared there had been cause for complaint about the transportation service for some time. The company had a proposal to meet the situation and a new plan was inaugurated that included changing from electric car to bus at Gansett avenue and Cranston street. He declared the new plan had been given a fair trial and was found wanting.

"I told Mr. De Ciantis that the new street railroad service has broken down and the accommodations instead of being an improvement, are worse than ever and that we wanted to present a demand for direct bus service," Mr. Boyden said.

In order to present the matter legally before the commission, Mr. Boyden said: "It was recommended that a delegation be authorized to present the complaint at a public hearing the commission is willing to hold. It is my purpose to explain to the mass meeting what information I received at the State House, and while opportunity will be given to air complaints of the service, the primary reason for calling residents together is to empower a committee to represent them when the street railway officials will also have an opportunity to state the company's side of the argument."

CRANSTON

Boyden Says He Will Appeal for Relief from Street Car Conditions.

SEEKS PUBLIC HEARING

Declares Meshanticut Service Now Worse Than Any Time In Last 15 Years

School Committeeman Ben Boyden, who has on several occasions acted as spokesman for residents of the Meshanticut Park section in seeking improved facilities, announced last night he proposes to appeal to the Public Utilities for relief from present street car transportation conditions.

The street railroad company has not lived up to its promises and the service for Meshanticut residents is worse than at any time in the past 15 years, he declared. Suggested changes in schedule proved to be a makeshift, he added, and the running time from Meshanticut to Providence has greatly increased because of the breakdown in schedules and the apparent neglect to produce a remedy.

"I am going to the Public Utilities to learn the procedure for getting a public hearing," Mr. Boyden said, and added: "When we get such a hearing you can rest assured there will be a fitting representation from this district."

Last Saturday, after complaints had been lodged with the U. E. R., Councilman William E. Tower announced an agreement had been reached to install an extra bus that would go into action when there was a hitch in the schedules. The new bus has been installed at Cranston street, near Gansett avenue, the newly established terminal of the electric cars on that route. It is there that busses are expected to connect for Meshanticut and Oaklawn but there have been delays.

Mr. Boyden said there is not a fair schedule established; that the crosstown busses do not wait for the street cars with the result that through passengers have a long wait. "Patrons are not allowed to sit in cars or busses awaiting the arrival of the transfer but have to stand about exposed to the elements. The so-called emergency bus has been no relief and each day the service is becoming worse," he explained.

According to Mr. Boyden Meshanticut and Oaklawn patrons will demand direct service. He said the substitute as presented by the railroad has had a fair trial, and what is offered is sadly inadequate.

U. E. R. WILL GET OAKLAWN BUS LINE REQUEST

Committee Votes to Ask Service With No Fare Boost

At a public hearing in Cranston City Hall last night, the Committee on Railroads decided to ask the United Electric Railways to establish a direct half hour bus service from Oaklawn to Providence with no fare increase.

A report was made to the committee by former Mayor Edward M. Sullivan that residents of the Oaklawn and Meshanticut area were being forced to buy autos to care for their transportation means since the trolley company started the zone fare system. Ben Boyden, school committee member and leader in the agitation, said the U. E. R. was not an impoverished concern and could well afford to carry out the request.

The meeting was presided over by Everett W. Higson, council president, and other city officials as Mayor Ernest L. Sprague and City Solicitor Edward Day. The session discussion was opened by Boyden.

Other speakers were Earl Folsom, clerk of the Board of Tax Assessors, and James Jenkins. The question was put to a vote by Everett W. Higson, chairman of the railroads committee, who estimated more than 40 persons present. The U. E. R. offer to maintain the line under strict supervision and publish schedules was unanimously turned down and the same was done to the offer of increased crosstown service.

EATON TO TESTIFY AT BUS HEARING
P. J. 6/3/38
Objects to Alternate Line Calling for Union Station Stop

So that it may hear the testimony of Ralph W. Eaton, traffic engineer of Providence, the State Division of Public Utilities yesterday continued until 9 a. m. today the hearing on the application of Milton Schoenberg and the I. C. T. Bus Company for permission to establish an alternate route through Providence which would permit a stop at the main entrance to the Union Station.

In a letter to the division, Mr. Eaton said that both he and the Providence Bureau of Police and Fire objected to any additional bus lines being routed past the station.

Peter W. McKiernan represented the bus company and Eugene J. McElroy headed the counsel for the New Haven Railroad.

Mr. Schoenberg told the division that he operates lines from Fall River and New Bedford into Providence, making 47 trips a day and that the present route is in the rear of the railroad station. He said that he received complaints from approximately 10 to 15 passengers a day for not stopping at the railroad station. He said he had no desire to solicit passengers at the station, wanted to use the route only on in-bound trips and only when passengers requested a stop at the station.

CRANSTON STREET TROLLEYS DOOMED

Trackless Electric Buses to Make Run Eventually, Alonzo

R. Williams Declares.
P. J. 6/4/38
CANNOT BE PUT ON NOW

State Agency Takes Under Advisement Petition of Patrons for Improved Service

After five hours of testimony, during which it was reported that trackless trolleys for Cranston street were an eventuality, the State Division of Public Utilities yesterday took under advisement the petition of patrons of the Meshanticut Park and Oaklawn bus line for through service to Providence.

Alonzo R. Williams, general manager of the U. E. R., told the division that installation of trackless trolleys on Cranston street was "second on our list" but insisted that because of business conditions "it would be foolish to even try to say when they will be installed." When they are, he said, through traffic to Meshanticut Park will be a part of the service.

The patrons of the line and the company officials differed widely in their testimony as to the delay incurred on the line because of the transfer from bus to trolley car at Gansett avenue. The petitioners claimed they had to wait from one to 10 minutes while the company introduced records to show that two to four minutes was the average waiting period.

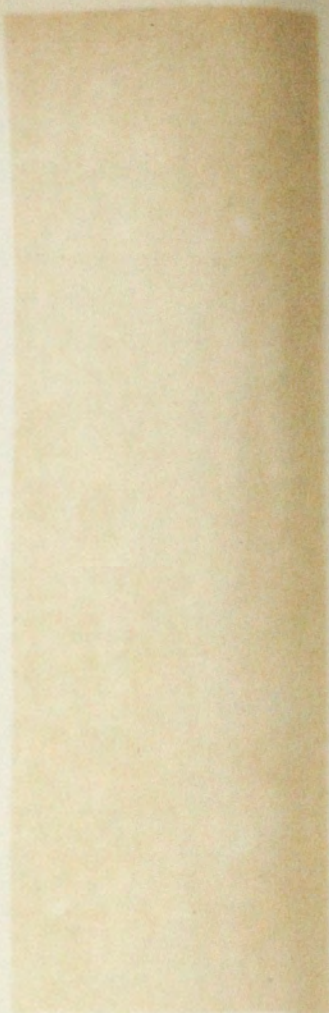
Harold Morris, assistant general manager of the company, declared that through service would result in a deficit of \$20,000 annually on the line.

He said that as far as he knew there had been few complaints. He quoted figures of the company records to show that 18 was the largest number of passengers carried on any trip in one day recently and said that from 10 a. m. to 3 p. m. there was only an average of about eight passengers on each inbound trip.

Mr. Morris said his records showed that the waiting time averaged from two to four minutes 95 per cent. of the time.

Ben Boyden, Cranston school committeeman, conducted the hearing for the petitioners and claimed that several fruitless attempts had been made to improve the service.

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NORTH PROVIDENCE

Marievile-Centredale Busses
on Mineral Spring Avenue
Asked by Council.

200 NAMES ON PETITION

Senator Fogarty Presents List
at Meeting; Liquor Permit
Delayed for Month

Senator J. Joseph Fogarty presented a petition, containing 200 names, to the Town Council last night seeking bus service on Mineral Spring avenue between Marieville and Centredale.

He asked the Council to contact the United Electric Railways Company with a view to providing such service. Clerk Louis A. Sweet was asked to write a letter to Alonzo Williams, general manager of the company, asking the introduction of bus transportation between the two points. The service would connect the east and west ends of the town with fast service and do away with the necessity for residents wishing to get from one end of the town to the other going into Exchange Place.

A communication from Dr. Edward F. Carroll, postmaster at Providence, informed the Council that carrier service cannot be furnished residents of Barrett avenue. He said less than 50 per cent. of the building lots are improved, that good sidewalks are not provided, that one house is not provided with a number and that none are provided with proper receptacles. The letter was laid on the table for a month to see if residents will co-operate.

NORTH PROVIDENCE

200 Town Residents Seek Bus
Line Facilities on Mineral
Spring Avenue.

Prov. Journal 8/19/37
PETITION NOT COMPLETE

Regular Service Between Marieville and Centredale Shopping District Is Asked

More than 200 residents of North Providence living between Brown farm in Centredale and Marieville Four Corners, have signed a petition seeking transportation facilities on Mineral Spring avenue.

They ask for a bus line on a regular schedule between Marieville and the Centredale shopping district.

When completed the petition will be handed Senator J. Joseph Fogarty, who, in turn, will go before the next meeting of the Town Council to ask that body to take steps to procure the service.

Senator Fogarty said yesterday that residents of Marieville and Woodward road are practically cut off from the civic centre of the town. They seek to shop in Centredale, as well as to have some method of transportation to attend to their business at the Town Hall, he said.

Some years ago a service was maintained on Mineral Spring avenue, but it was abandoned for lack of patronage by the United Electric Railways Company. Residents of the district now maintain the population has greatly increased since that time and there has been increased building.

The Senator said that many persons in Greystone and Graniteville would welcome the service, as now they are forced to go to the city to reach Pawtucket, where they are employed. A cross town line would connect Pawtucket with Olneyville by a direct route, it is maintained. The cross town line would connect at Marieville for Pawtucket on one end and on Woonasquatucket avenue in Centredale for Olneyville on the other end.

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NEW HAVEN ROAD TO DROP NEWPORT PASSENGER LINES

Will End Train Service to
Summer Resort After
March 27.

ALDERMEN ORDER PROTEST

Railroad Official Declares
Noted Marlborough Depot
Will Be Abandoned

J. P. Thorndike, general passenger agent for the New Haven Railroad, announced yesterday that after March 27 Newport, famous summer society resort, will be without railroad passenger connections with the rest of the United States.

Mr. Thorndike's announcement, made to Herbert A. Lawton, of the Newport Chamber of Commerce, brought an immediate and official protest from Newport last night when the Board of Aldermen directed the city clerk to file a protest with Chief Michael DeCiantis of the State Division of Public Utilities.

The clerk also was instructed to file a request for a hearing on the announced abandonment of all regular passenger schedules to Newport.

Fall River Service Cut

Mr. Thorndike said last night that he had not only notified Newport of the intention of the New Haven Railroad to abandon passenger service between Newport and Fall River, but that he also had notified Fall River that there would be only three passenger trains between Fall River and Boston after March 27.

With the abandonment some time ago of the Fall River Line, boats of which made Newport a port of call on sailings between New York and Fall River, and with the announced abandonment of railroad passenger service, Newport after March 27 will be linked with the rest of the world by busses as the only public means of regular transportation.

Mr. Thorndike told the Newport Chamber of Commerce officials that railroad freight service would be continued between Fall River and Newport.

But he gave no information to solve the question raised by Alderman Edward A. Martin, who asked how thousands of pieces of baggage now handled in and out of Newport by train could be routed if the passenger trains are abolished. Mr. Martin said inability to check baggage in and out of Newport and inability to buy railroad tickets at Newport upon which baggage could be checked would prove a serious blow to the seaside city.

To Run Special Trains

Mr. Thorndike said the railroad would continue its policy of running a special train to or from Newport if groups of 100 bought transportation. Such special trains have been run in the past for St. George's School students during the holidays and for special drafts of apprentice seamen sent out on completion of their training at the Naval Training Station to join their ships.

Newport Chamber of Commerce officials said last night they were vitally interested in the question of whether some arrangement could be made—when passenger trains are abolished—for checking baggage to or from Newport by persons who would board or disembark from trains at the nearest available railroad station.

Mr. Thorndike said he would consider this problem, but added that he could give no definite assurance that special baggage arrangements could be made.

Mr. Thorndike also notified the Newport Chamber of Commerce that the famous old Marlborough street depot would be closed, with the abandonment of regular Newport passenger service.

This station, built long before the wealthy summer residents had come to depend on automobiles for transportation, witnessed in the gay nineties and early nineteen hundreds the start of many society wedding trips and the annual arrival for the summer of many of the nation's best known families.

The station was used for years by members of the Vanderbilt family, the Mills family, the Goelets,

Continued on Page 12, Column 7

matter at length, various suggestions were offered and the matter was under further consideration. The Chamber of Commerce officials have been endeavoring to interest some other steamship company in making Newport a port of call, but without results to date.

CRANSTON

Cross-City Bus Line Will Be
Extended to Better Service
to Meshanticut Park.

DE CIANTIS REVEALS PLAN

Spokesman for Residents Says
City Will Continue Fight for
Bus Service to Providence

Chief Michael DeCiantis of the State Division of Public Utilities announced yesterday the cross-city bus line in Cranston will be extended to provide residents of Meshanticut Park with better service.

The action was taken after a petition was filed with the division to have the trolley rails between Cranston street and Gansett avenue and the end of the line condemned as unsafe. The proposal, advanced by the United Electric Railways, was rejected several months ago at a public hearing.

Ben Boyden, spokesman for the residents, said that although the move is "a step in the right direction," the community will continue its campaign for direct bus service to Providence. He said he was grateful to the division for its "prompt action."

The cross-town bus at present travels from Pawtucket, along Broad street to Park avenue, through Gansett avenue to Cranston street and down Cranston street to the Old City Hall. Under the agreement between the Public Utilities Division and the U. E. R., the run will be extended through Meshanticut Park to Oaklawn. On the return run, the bus will meet trolley at Cranston street and Gansett avenue, where passengers may transfer to Providence.

The railway's proposal, it was learned, was put forward with the consent of the railway committee of the Cranston City Council, which called the public hearing last year at which the proposal was rejected.

Mr. Boyden said yesterday: "This of course is only temporary. Everybody out here wants direct service to the city. But the best part of it is that the tracks that are in such a hazardous condition are to be abandoned. After a long fight we are getting action," he said. "This is a first step. We are going to continue the fight and we will not be satisfied until we get direct service," he added.

In a letter to Mr. Boyden, announcing the division's decision, Mr. DeCiantis said in part: "We have reached an agreement whereby busses will be operated to take the place of trolley cars."

"The busses," the letter said, "will leave Oaklawn and travel to Park avenue. Connections to Providence may be made at Gansett avenue and Cranston street. I will notify you on what date this will take effect."

The new route will provide Meshanticut Park residents with half-hour service, it was said. This will save five or six minutes of running time to Providence. The waiting time for transportation also will be reduced, it was said.

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U. E. R. TO REDUCE

SUBURBAN CASH FARES

P. T. 1/10/38

\$15,000 Saving To Patrons On Four Lines In State

EAST PROVIDENCE

U. E. R. Files Petition to Put
Busses on Rumford Line
Instead of Trolleys.

WOULD CHANGE ROUTE

Proposes to Send Vehicles Over
Red Bridge; Would Remove
Tracks Not in Use

Permission to substitute busses for trolleys on the Rumford route is asked in a petition filed by the United Electric Railway with the Division of Public Utilities late yesterday afternoon.

Alonzo R. Williams, general manager for the United Electric Railway, discussed the proposal with Michael DeCiantis, chief of the division, and later filed the formal petition.

It is understood that the company proposes to reroute the service over Red Bridge and between the bridge and the centre of Providence would follow the Governor street bus route. The Rumford busses, if the permission to abandon the trolley service is granted, will follow the present trolley route between the Rumford terminus and Broadway Six Corners. They will use Waterman avenue to Red Bridge.

The request of the trolley company to discontinue trolley service and substitute busses does not come as a surprise to East Providence people. More than two years ago Mr. Williams informed town officials and residents attending a hearing in the town hall that within two or three years trolleys would be replaced by busses.

If the trolley service is discontinued the company will ask for permission to remove the rails from the highways between Broadway Six Corners and Hunts Mills, the terminus of the present route.

U. E. R. TO MAKE FARE SLASHES

(Continued from Page One)

from 16 cents cash and 14 cents token to 10 cents cash.

The utilities division chief pointed out that the savings will be in cash payment of fares. Payment by token would not mean as much a saving to patrons, he said.

Deliberations with the United Electric Railways on fare reductions in suburban areas have been under way since September when the Governor instructed DeCiantis to confer on the reasonableness of the fares charged. Several conferences were held and last week the division chief announced a schedule had been drawn up and that he would present it to the Governor today.

The company now will be obliged to file new tariffs in accordance with the great changes and it is expected that this action will be taken within the next few days.

QUINN MAKES PUBLIC REPORT OF DE CIANTIS

Cuts Go Into Effect in 10
Days on All But
One Route

Cash fare reductions ranging from five to ten cents on suburban lines of the United Electric Railways Co., effecting in all a saving of about \$15,000 to patrons were announced today by Gov. Robert E. Quinn following a report from Michael DeCiantis, chief of the State Division of Public Utilities.

The lines effected are those from Providence to Washington, Providence to East Greenwich, Pawtucket to Woonsocket, and the Pontiac connection, which runs from Greenwich avenue to Gorton Arnold's stand. The reductions with the exception of the Providence-East Greenwich line will go into effect within 10 days. The reduced fares on the East Greenwich line will become effective in about six weeks as it is necessary for the company to purchase new registers needed to carry out the program.

REDUCTIONS

The reductions DeCiantis reported to the Governor are:

Providence to Washington, existing rate of 40 cents cash or 35 cents token reduced to 30 cents cash.

Providence to Arctic centre, reduced from 30 cents cash to 25 cents cash.

Providence to Mill street, Natick, reduced from 32 cents cash or 28 cents token to 25 cents cash.

Providence to Gorton Arnold's stand, reduced from 24 and 32 cents cash, or 21 cents and 28 cents token to 20 cents cash.

Providence to East Greenwich reduced from 40 cents cash or 35 cents token to 30 cents cash.

Providence to Chepianoxet, near Arnold avenue, reduced from 32 cents or 28 cents token to 25 cents cash.

Providence to Apponaug Four Corners reduced from 24 cents cash or 21 cents token to 20 cents cash.

PAWTUCKET-WOONSOCKET

On the Pawtucket to Woonsocket line it was said zones have been dropped from six to five reducing the fare from 42 cents token to 35 cents token. Certain reductions between intermediate points also are included.

On the Pontiac connection bus, which runs from Greenwich avenue to Gorton Arnold's stand, the

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Jitney Patrons Object To State Board's New Order

Commuters From Blackstone And Millville See Service Hurt By Rule, One Of Many Recent Ones

Persons riding into this city from Blackstone and Millville in jitneys will be denied the convenience of being carried directly to their destinations under a new order given yesterday by a representative of Rhode Island State Division of Public Utilities, it was learned today.

The new order, one of many given in recent months, will greatly hamper the business trips of numerous persons who travel between this city and Millville to do their shopping in Woonsocket business places, it was predicted.

Jitney operators, unable to continue the usual sort of service to the riding public from Blackstone and Millville are said to feel that the order is just another item in the long list of "don'ts" to which they must conform or forfeit their right to operate in this State.

On the other side of the Massachusetts-Rhode Island line they maintain, there has never been any step taken by the authorities to hamper the service to their townspeople, who daily and weekly come

to Woonsocket to spend their money in Woonsocket business places.

Woonsocket has been the commercial beneficiary of the jitney and bus service between Millville and Woonsocket, via Blackstone, it is asserted. This service has been furnished by the Blackstone-Woonsocket Jienty Association and the Bowen Bus Lines, and still the only interference to the service has been under Rhode Island direction, those interested say.

Teh operators of these transit lines have taken advantage of every opportunity to create convenience for their patrons, it is pointed out and have arranged special trips, for the purpose of carrying persons in groups to their offices, mills or shopping places without extra costs. This service has long been appreciated according to the visiting shoppers from the Massachusetts communities.

Much Money Spent Here.

It has been estimated that between \$35,000 and \$50,000 has been brought to Woonsocket weekly from the two towns, when times were good, and when the factories in both towns were in operation. Woonsocket is the nearest shopping center.

Jitney operators hesitated to comment on the new order today, further than to say they had to discontinue the special service trips for workers or shoppers. Persons who have benefitted by the service, and who are familiar with the numerous investigations, inspections, orders and questionings by Rhode Island authorities say that the service has been hampered by much interference.

"They fail to realize," one rider said today, "that 95 per cent of the persons carried into Woonsocket from the Massachusetts communities come here to spend their money. The passengers have never complained, and it appears that the only interference to the service has been made by authorities of the communities which benefit by it."

"On the Massachusetts side of the line operators of these jitneys were allowed to furnish whatever convenience they saw fit to their patrons, and it was a nice thing to know that if your mother or your sister or wife was riding from the city in a jitney she would be carried directly to her door. This service was especially appreciated by the patrons and their families, and no doubt was appreciated by the merchants of Woonsocket. The service deals almost exclusively with Massachusetts persons, and they have been perfectly satisfied. The authorities of the out-of-State communities realize that the residents of their towns have been getting extraordinary service, and while the patrons were pleased, the Massachusetts authorities were foresighted enough not to have agents or inspectors annoying the operators.

Special Care Given

"Aged persons are given special and careful attention, and taken to the doors of their homes while returning from the city, and women

laden down with bundles are conveyed to the doors of their homes, and especially in stormy weather, or while traveling for pedestrians is slippery," he said.

"But not so on the Rhode Island side of the line. Jitney men feared and hesitated to extend such kindnesses of special service, lest they be hailed before a group of Rhode Island authorities.

"Had similar interference been caused on the Massachusetts side of the State line, the service would eventually be squeezed out of existence, and those who would suffer the greatest loss would be Woonsocket merchants and business men.

"In most communities the authorities offer inducements to transit companies or carriers to give better service, but in Rhode Island, and especially in the State department which controls the operation of jitneys, it appears that there is an effort being made to lessen the convenience of the riding public.

"It would not be difficult for the authorities to allow the special service to continue, instead of chasing an inspector to Woonsocket almost daily to lay in wait for a humble jitney operator, and to question him about some trifling infraction. If reports are true, one inspector had but little time to do any other work but investigate the jitney route operation," the observer said.

"So far as causing congestion in traffic is concerned, the jitneys have offset such a condition to a great extent. There are many persons who own automobiles, who do not drive them to Woonsocket on their shopping trips, because of the limited parking facilities.

Leave Cars At Home

"Many automobile owners have

R. I. UTILITY FIRM WITHDRAWS APPEAL

Newport Company Drops Fight for Permission to Borrow \$442,000

The appeal of the Newport Electric Co. from the adverse decision of the Division of Public Utilities on its request for permission to borrow \$442,000 to finance a new generating plant, was withdrawn yesterday with permission of the Supreme Court.

Assistant Attorney General John J. Cooney informed the court that the withdrawal did not result from any negotiations or understanding with any representative of the State.

At a hearing before the utilities division it was learned that while the Newport company sought to borrow \$300,000 from the Utilities Power and Light Corporation, Ltd., of Canada, and to execute serial notes for \$142,000 to the Westinghouse Electric and Manufacturing Co., 97 per cent of the cost of the project already had been paid.

Evidence was introduced to show that all the common stock of the Newport company is owned by the Utilities Power and Light Corporation of Chicago, and that the Canadian company is a subsidiary of the Chicago corporation.

In his statement Mr. Cooney said the proposed loan was "a loan not needed to raise funds, but designed to carry out a scheme of financing, the need for which was not disclosed at the hearing."

DELAY IS SOUGHT ON NEWPORT LINE

3/8/38 P. J.
Michael de Ciantis, chief of the State Division of Public Utilities, today asked the New Haven Railroad not to abandon service on its Newport-Boston line until the Massachusetts Public Utilities Commission has completed hearings on the case.

The New Haven Railroad has announced it will discontinue the service on the Old Colony branch, of which the Newport-Boston line is a part, on March 27. Mr. De Ciantis said he has been following the hearings in Massachusetts closely and is of the opinion they will not be completed before the date set for abandonment.

"For that reason I am asking that no action be taken until after the Massachusetts commissioners give their decision, which may affect our service to Newport," Mr. De Ciantis said. His letter, addressed to the New Haven Trustees, was sent to Eugene McElroy, local counsel for the company.

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preferred to ride to the city in jitneys, rather than to take a chance on being unable to find a convenient parking space. In that way the jitneys have served to relieve congestion. Even if this were not the case, the congestion which would be caused by jitneys would occur only a short stretch of Main street or adjacent streets, and the amount of money spent in the city by visiting out-of-State shoppers would well warrant the limited congestion which would result," it has been suggested by an interested commuter."

Blackstone authorities today were considering a plan which either will make it possible to continue the service that has been given in the past, or to set up regulations which may strike a serious blow to the system under which thousands of riders are served daily.

"It is the residents of Massachusetts who are directly involved, and who have supported the service for many years, and if they are not allowed to have the service which the jitney operators have been so willing to extend to them, the convenience of the public certainly is not being given fair consideration," the observer suggested.



Box 54



BUS DECISION RESERVED

Briefs Called For In Case of I. C. T.

6/4/38 Company P. J.
The State Division of Public Utilities yesterday reserved decision to permit filing of briefs in connection with the application of Milton Schoenberg and the I. C. T. Bus Company, for permission to stop the company's incoming Fall River and New Bedford busses at the main entrance of the Providence railroad station.

Vol. 1. No. 5

Friday, January 7, 1938

Col. Nash and John Mills Present Complaints to Public Utilities

SCORE WESTERLY DIAL PHONE CHARGES

Michael De Ciantis, Chief of the Division of Public Utilities, heard the complaints of two Westerly merchants this morning concerning alleged high charges of the Westerly Automatic Telephone Company. The two men, Colonel Arthur Nash and John O. Mills, representing the Westerly and Pawcatuck Merchants' Association, charged that the phone company's charges were excessive on calls from Westerly to Providence (35c) and that rates from Westerly to Pawcatuck and Weekapaug were out of line.

Mr. De Ciantis advised the Westerly merchants to obtain written complaints if they wished his division to move against the telephone company. Both Col. Nash and Mr. Mills said that they would get a long list of signatures to a petition for a public hearing on the matter.

For some time Mr. De Ciantis said, complaints have been reaching his office concerning the Westerly Automatic Telephone Company. Only last week the Bulletin printed a story of complaints filed by the Citizens' Taxpayers Association.

All those who believe that the rates of the Westerly Automatic Telephone Company are too high, should write their grievances down and send them to either Colonel Nash, Mr. Mills or this newspaper. The more of them that are received, the better the people case will be.

COMPANY OPPOSES 'PHONE RATE CUTS

3/2/38 P. J.

Tells State Utilities Board Reductions Might Result in Reduction of Force.

FEARS LOSS IN REVENUE

Says Slash in Charges Would Be "Confiscatory"; DiCiantis Gets Data on Salaries

New England Telephone and Telegraph Company officials told the State Division of Public Utilities yesterday that abolition of the 75 cents a month charge on extension phones or any rate cut at this time would be "confiscatory," resulting in discharge of employees, and seriously affecting the company's finances.

Charles S. Pierce, a vice president and general counsel, Chief Engineer George A. Manson, and George R. Grant, of Boston, counsel for the New England Telephone and Telegraph Company, and Eugene J. Phillips, of Swan, Keeney and Smith, Providence counsel for the company, testified and spoke on an all-day hearing on a petition seeking discontinuance of the extension charge.

Asks for Salary List

After hearing testimony that the company would lose about \$60,000 by such discontinuance but might lose much more by a sudden demand for extension sets at no extra cost, Division Chief Michael De Ciantis asked Mr. Pierce for data on salaries paid New England company officials at the start of 1937.

Mr. Pierce reported that the president receives \$41,250 in salaries and for attendance at directors' meetings, and that a vice president and general manager is paid \$28,415. Mr. Pierce's salary was listed at \$25,000. There were 18 other officials receiving between \$10,000 and \$22,000 a year, Mr. Pierce said.

Comparison with reports for 1935 and 1934 indicated little change in those salaries, Mr. De Ciantis said.

Predicts Drop in Yield

Mr. Pierce testified that the New England company earned a net of less than five per cent. last year. He declared "things don't look too well for 1938." He estimated that the return for this year would be about four and one-quarter per cent. "unless there is a change for the better in business conditions."

He disclosed that the company suffered a net loss of 18,000 telephones in Rhode Island between 1930 and 1934. Since 1934, he said, it has put in 10,300 more than it took out but there still remains a net loss of about 8,000 from the 1930 peak. This condition was not confined to Rhode Island but was general throughout New England, he added.

"We have 45 fewer operators in Rhode Island today than at the end of 1937," he continued. "There are

eight fewer men in our plant department here and 43 men are on part time."

Mr. De Ciantis interrupted to ask if "that resulted from anything this division has done during the past year."

"No," replied Mr. Pierce, "We have been guilty of no reprisals. It resulted from loss of net earnings. The market value of our stock has dropped below par. We earned \$5.88 per share in 1937, the lowest since the bottom of \$5.82 in 1933. If our net earnings don't improve, we'll be lower than that this year."

Cites Cut in Dividends

He pointed out that from 1919 to 1925 the dividend was about \$8 but dropped to \$6 the latter year. After the company received permission from the Rhode Island public utilities commission in 1926 to raise rates the dividend again went up to \$8, he said in reply to a question by Mr. De Ciantis. It has now dropped below \$6, he added.

Mr. Phillips, at the conclusion of Mr. Pierce's testimony, moved to have the petition on the "reasonableness of the extension telephone charge" dismissed on the ground that the company had proved it could not eliminate the charge.

Mr. De Ciantis declined to do this and also to accept an earlier motion to place the "burden of proof" on the division at the hearing.

The division took the testimony under advisement.

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CUT IS ORDERED

JUNE 10, 1938

SIXTEEN PAGES

PRICE FIVE CENTS

IN PHONE RATE

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De Ciantis Attacks Holding Company

EXTENSION 'PHONE CHARGE REDUCED BY STATE ORDER

P. J. 6/10/38
Public Utilities Division Cuts Rate from 75 Cents to 63 Cents Per Month.

HITS FINANCIAL STRUCTURE

Recommends N. E. T. & T. Liberate Itself from "Clutches" of Its Holding Company, A. T. & T.

A reduction from 75 cents to 63 cents per month on resident telephone extensions was ordered yesterday by the State Division of Public Utilities in a decision which assailed the financial practices of the New England Telephone and Telegraph Company and its parent organization, the American Telephone and Telegraph Company.

In concluding its review of the financial structure of the New England organization, the Division said: "We are of the opinion that if the respondent company emancipates itself from the clutches of its holding company, it could reduce its operating costs materially and would be able to retain its employees at work, benefit its stockholders, and reduce its telephone rates.

"But until the respondent company is unshackled from the bonds of its holding company, the financial set-up which now exists will not be changed. A holding company is a menace to a community. It strains the public relationship which should exist between the community and the utility. Annihilation of the holding company is the execution of the octopus of finance."

Expatriate on Structure

While the subject before the Division was the matter of charges for extension telephones, nine of the 12 pages of the decision, written by Chief Michael DeCiantis and approved by James G. Connolly and Charles A. White, Sr., dealt with the financial structure of the company.

The decision states that while the Division was of the opinion that the financial condition of the corporation was not pertinent to the issue at the time of the hearings on the rates, officials of the company insisted that it be taken into consideration and counsel was quoted as saying, "I cannot impress upon you too strongly the seriousness of the situation. We are under water. We really need your help."

The New England company, the decision said, paid dividends of from 6 to 8 per cent. from 1919 until 1926 and "even in 1936 a dividend of 6½ per cent. was declared and paid out of income." In 1936, the company declared a dividend of \$8,667,477, of which the American Telephone and Telegraph received \$5,661,123. The dividends were paid quarterly out of the income of the corporation and not from the surplus and there was a balance of \$210,046.36 transferred to surplus.

See No "Starved Revenues"

"At this point," the opinion states, "it should be noted that a corporation, which is able to pay a 6½ per cent. dividend out of the net income and still have a moderate balance which is applied to surplus, and which, in addition to paying dividends, has been able to reduce its indebtedness \$2,650,000, is not operating on 'starved revenues' as it was claimed by its representatives."

The division found that the New England company borrowed \$19,750,000 from the American company in 1936. It paid back \$2,650,000 during the year and paid interest of 4.2 per cent. on the loan. While it was paying interest on the loan, the decision said, the company in turn advanced \$552,771.59 to affiliate companies.

"Why this circuitry of loans between affiliate companies?" the Division asked. "The best that can be said about this practice is that it establishes a vicious circle which has no end and which is designed to make the small affiliate companies subservient to the larger one, and ultimately the parent company is the beneficiary. This Division does not approve of this type of financial scheme, as it is against public interest. We believe that a 4.2 per cent. interest payment is exorbitant and the loan should be refunded.—In the

Continued on Page 2, Column 2



MICHAEL DE CIANTIS

Demands Reduction In Residential Extension Service Charges

LENGTHY REPORT

Asserts Facts Dispute Officials' Gloomy Financial Claims

Text of Di Ciantis Report on Page 3

In a stinging rebuke of the holding company system in general and that employed by the New England Telephone & Telegraph Co., in particular, Michael De Ciantis, chief of the State Division of Public Utilities, advised today that the telephone concern free itself from the shackles of its holding company to reduce operating costs and telephone rates.

The suggestion was contained in a lengthy ruling of the division ordering the company to reduce the monthly charge on residential telephone extension service from 75 to 63 cents.

The utility was given a hearing on March 1 after the division, on its own initiative, entered an order to investigate monthly charges for telephone extensions.

SETUP STUDIED

De Ciantis' report revealed an exhaustive study of the financial setup of the telephone company prompted by a gloomy financial picture painted at the hearing by company representatives.

The division head said his investigation revealed a different picture and outlined circumstances which, he said, did not bear out the company officials' contention.

He pointed out his study revealed that the corporation in 1936 was able to pay a 6½ per cent dividend from its net earnings and still have a substantial sum left as surplus; that it had been able to reduce an indebtedness of advances made to it by its holding company by \$2,650,000; that it paid an excessive rate of interest to its holding company, in addition to \$1,023,346.70 as "services."

CLAIMS DISPUTED

These facts, De Ciantis said, do not bear out the company's contention that it is operating "starved revenues."

"We are of the opinion," said De Ciantis, "that if the respondent company emancipates itself from the clutches of its holding company, it could reduce its operating costs materially and would be able to retain its employees at work, benefit its stockholders, and reduce its telephone rates. But, until the respondent company is unshackled from the bonds of its holding company, the financial setup which now exists will not be changed. A holding company is a menace to a community. It retains the public relationship which should exist between the community and the utility."

(Continued on page 3)

[cont next page]

8x10

De Ciantis Orders Telephone Rate

(Continued From Page 1)

ity. Annihilation of the holding company is the execution octopus of finance."

De Ciantis went back several years in his study of the company's setup. He showed that dividends as high as 8 per cent had been paid for a number of years.

REPORT ANALYZED

Then he went on to analyze the annual report of the telephone company for the year ending December, 1926. That report, he said, revealed the number of shares of capital stock issued by the corporation was 1,333,458 and that the American Telephone & Telegraph Co. holding company of the New England, owns 870,942 shares, a controlling interest. In 1936, he said, the New England concern declared a dividend of \$8,667,477, of which the holding company received \$5,661,123. The dividends, his report showed, were paid quarterly out of income and not from the surplus. He said a balance of \$210,046.34 was transferred to surplus.

The division chief said his investigation also disclosed a loan of \$19,750,000 by the holding company to the New England at the beginning of 1936. At the end of the year, he said, this amount was reduced to \$17,100,000. He also noted that during the year the respondent company paid the holding company \$2,143,96 in interest at the rate of 4.2 per cent. De Ciantis said he believed the rate of interest was exorbitant.

\$552,771 ADVANCED

He further pointed out that while the New England company was paying interest on the loan, it in turn, advanced to other affiliate companies the sum of \$552,771.59, upon which it received interest of \$29,690.

"Why all this circuitry of loans between affiliate companies?" De Ciantis asked in his report. The best that can be said about this practice is that it establishes a vicious circle which has no end and which is designed to make the small affiliate companies subservient to the larger one, and ultimately the parent company is the beneficiary. This division does not approve of this type of financial scheme, as it is against public interest. It should be borne in mind that public utilities are given a special franchise by the State and their responsibilities are similar to that of a municipality to its people. It is the duty of the utility company, as it is of a municipality, to serve the people: that is its contract with the State.

HUGE SALARIES

De Ciantis took notice of company officials' statement that business made curtailment of the working force of the company necessary. Answering this, he quoted salaries of 23 officers which in 1936 totalled \$333,814.18. The salaries ran as high as \$42,500 a year.

The report dealing with the extension charges asserted that that investment of the telephone company brought the company a 50 per cent. gross profit, or a net profit of 28 per cent. "But, although this particular service may be considered a luxury, we are of the opinion that a 15 per cent. net profit is a reasonable and fair rate of return," De Ciantis said, in ordering the reduction from 75 to 63 cents a month on extension service.

Text of De Ciantis' Report

DIVISION OF PUBLIC UTILITIES OF RHODE ISLAND

Division of Public Utilities On Its Own Motion vs. New England Telephone and Telegraph Company.—Docket No. 373.

This is an investigation by the Division of Public Utilities on its own motion into the reasonableness of tariffs of the New England Telephone and Telegraph Company, establishing certain charges for telephone extension service within this State. An order to investigate the tariffs was entered on January 24, 1938. Ten days thereafter notice of the hearing was duly served upon the respondent. Service of the date of the hearing was made upon and accepted by an officer of the respondent. The hearing was held on March 1, 1938.

The respondent company furnishes telephone extension service in this State. There are two types of extensions, business and residential. The hearing was held upon the reasonableness of the residential service. The tariffs filed with this Division show that a charge of \$2.00 is made for installation of a residential extension telephone and a fixed monthly charge of 75c is made as long as that class of service is rendered.

FINANCIAL CONDITION

During the hearing the respondent introduced evidence purporting to show a general financial condition of the corporation. The Division was of the opinion that the evidence was not pertinent to the issue and suggested that the hearing be confined to the reasonableness of the charges of the service in question, but it was contended by counsel that this evidence was material to the issue, because it tended to show that a reduction of rates for any service would be detrimental to the company and practically amount to a confiscation of its property. Evidence was introduced on behalf of the corporation of the dismal financial condition purported to exist in the respondent corporation. The following statement was made: "We cannot operate if we are starved by inadequate revenues." Even counsel for the respondent, in his argument, pleaded: "I cannot impress upon you too strongly the seriousness of the situation. We are under water. We really need your help."

Since these matters were deemed material to the issue involved, we feel duty bound to answer the humble supplication made to us by the respondent, which now asks assistance from this Division. We doubt that the Division can render any aid or comfort to the respondent. We will, however, examine the records and ascertain as far as possible whether the corporation is in such a desperate financial condition as it is claimed.

INCREASED COST

There was evidence on the part of the respondent that the cost of the telephone had increased 25% within the period of twelve years (1925-1937); that the cost of operation, taxes and costs of labor had also increased enormously since 1926. There was some testimony that these difficulties could have been overcome, "if business had kept up," but its downfall evidently was attributed to the loss of telephones. The evidence shows that the serious trouble began in 1931 and insofar as Rhode Island is concerned for the years 1931, 1932 and 1933

there was a total loss of 18,426 telephones, but all were restored with the exception of 8126 up to 1937. There was also some testimony that a number of employees were laid off and others were given part-time employment. Other testimony showed that the return upon the investment ranged from 4% to 5%, and it was asserted that in 1937 the fair rate of return would be lower than in previous years.

While this dark and gloomy picture was presented we find that before 1919 dividends of 7% were distributed. In 1920 the dividends were increased to 8% until 1925 when a 6% dividend was declared. It was in this year that the respondent petitioned the Commission to increase its rates. After a lengthy hearing the schedule of rates, as presented, was ordered approved. After the rates were increased, the very following year (1926) the respondent again declared a dividend of 8%, although the surplus had not "increased to any amounting extent." The respondent company kept paying that dividend until the depression. Even in 1936 a dividend of 6½% was declared and paid out of income of the corporation.

1936 REPORT

The annual report, filed by the respondent for the year ending December, 1936, discloses some very interesting information regarding its financial set-up. The total number of shares of capital stock issued by the corporation was 1,333,458. The American Telephone and Telegraph Company, holding company of the respondent corporation, owns 870,942 shares, thereby owning the controlling interest. In 1936 the report shows that the respondent declared a dividend of \$8,667,477, of which the American Telephone and Telegraph Company received \$5,661,123. The dividends were paid quarterly out of the income of the corporation and not from the surplus. It is interesting to note that a balance of \$210,046.34 was transferred to surplus.

At this point it should be noted that a corporation which is able to pay a 6½% dividend out of the net income and still have a moderate balance which is applied to surplus, and which, in addition to paying dividends, has been able to reduce its indebtedness \$2,650,000, is not operating on "starved revenues" as it was claimed by its representatives.

ADVANCE OF MONEY

We delve into the mass of figures in the report and there appears an advance of money to the respondent by the American Telephone and Telegraph Company at the beginning of the year 1936 of \$19,750,000, which was reduced to \$17,100,000 by the end of the year, a reduction of \$2,650,000. The respondent company paid to the holding company interest in the sum of \$842,143.96, which is at the rate of 4.2%. While the respondent is paying the interest on this loan, it in turn advanced to other affiliate companies the sum of \$552,771.59, upon which it received interest of \$29,690.41. Why this circuitry of loans between affiliate companies? The best that can be said about this practice is that it establishes a vicious circle which has no end and which is designed to make the small affiliate companies subservient to the larger one, and ultimately the parent company is the beneficiary. This Division

Pg 60

Adv. Est. Bulletin also printed whole of same

duced, but, in some instances, increased. If a reduction were made in the salaries of the officials as in the wages of the employes, we doubt very much whether the employes would have been laid off or put on part-time."

The Division pointed out that officials of the company declared that its taxes should not be increased and said, "while it has whined of the taxes that it has had to meet, Rhode Island has received a very small part of them." It declared the company paid Massachusetts \$3.75 per telephone; Maine \$3.21, New Hampshire \$4.43, Vermont \$2.48, and Rhode Island \$1.39.

In concluding its review of the financial set-up of the company, the Division said:

"A corporation, which has been able to pay a 6½ per cent. dividend from the net earnings and still have a substantial sum left as surplus, and has been able to reduce an indebtedness of advances made to it by its holding company of \$2,650,000; which pays an excessive rate of interest to its holding company, and has paid \$1,023,346.70 to its holding company for services and has continued to pay generous salaries to its officials, is not operating on 'starved revenues,' nor is it 'under water,' as was represented at the hearing."

In fixing the new price for extensions, the division found that the gross return upon the investment in this classified service, based upon a \$129,000 investment and an operating revenue of \$60,506, is 46.9 per cent.

"An extension may be a luxury," the order said, "but the return must be fair and reasonable. It cannot be said that a service which has a gross return on the investment of about 50 per cent., and which contributed to a net profit of about 28 per cent. is reasonable and fair. But, although this particular service may be considered a luxury, we are of the opinion that a 15 per cent. net profit is a reasonable and fair rate of return."

EXTENSION 'PHONE CHARGE REDUCED

Continued from Page One.

case at bar a smaller rate of interest can be had elsewhere, if the respondent corporation wishes to apply for it."

Company Dropping Workers

The decision pointed out that the company had contended that business conditions were such that it had to dismiss employes and place others on part-time. It listed the salaries paid to officials of the company, ranging from \$5800 up to \$42,450 and said:

"These salaries have not been re-

Globe It Takes Courage 6/10/38

Elsewhere in this newspaper is a complete text of the decision of the Chief of the Division of Public Utilities, Department of Revenue and Regulation of the State of Rhode Island compelling the New England Telephone & Telegraph Company to reduce its charges on telephone extensions. Every user of the telephone in the commercial and social life of the State will find the report interesting. It contains a splendid example of the abuses of the holding company system, opposed by President Roosevelt, and it is brought home by the fact that it is not an involved, deep, uninteresting business and legal document. It makes good reading.

Further than that Mr. De Ciantis, chief of the division, in his report, approved by his associates, corrects the misunderstanding that has been allowed to permeate through the ranks of telephone company employes. This is that the government regulation and supervision of this public utility is not for the employes' best interests. The decision shows that a more equal distribution of profits, absorbed by holding company charges, inter-company financing and high salaries, would result in reduced cost to subscriber and increased wages to the company worker.

It takes courage for a man in the position of Mr. De Ciantis to defend the people's interest in the face of the problems that he has to contend with. The people of Rhode Island should respect him for a good piece of public service. It is a refreshing contrast with the past.

COMPANY PLANS TO FIGHT ORDER

P. J. 6/11/38

N. E. T. & T. Will Appeal to Courts on Cut in Rate for Extension 'Phones.

SAYS EARNINGS TOO LOW

Division Manager's Statement Declares A. T. & T. Connection Valuable Asset of Firm

Ordered by the State Division of Public Utilities to reduce its charge for resident telephone extensions from 75 to 63 cents a month, the New England Telephone and Telegraph Company announced yesterday it would fight the order in the courts.

The division's order, written by Chief Michael De Ciantis, scathingly attacked the financial practices of the company and its parent organization, the American Telephone and Telegraph Company, and urged abolition of holding companies.

H. A. Fasick, division manager of the phone company, issued the following statement yesterday:

"The New England Telephone and Telegraph Company states that it will contest in the courts the order of the Rhode Island Division of Public Utilities reducing extension rates for residence service.

"There are several legal reasons which, in the judgment of the company's officers, make the order invalid.

"Without going into details as to these, the company says that the report which accompanies the order disregards many important facts presented in the testimony. Such facts either were not given consideration by the division, or were misunderstood.

"For example, emphasis is placed on the company's earnings in 1936, but the poor showing of 1937 is ignored. Again, the report states that wages of the employes have been reduced. This is incorrect.

"The company's principal contention at the hearing was that its earnings were not sufficient to permit a reduction of any of its rates. The commission's answer to this seems to be that the company could reduce its rates if it severed its relations with the American Telephone and Telegraph Company. This would not be to the advantage of telephone users either in service or in rates. The relationship is one of the company's greatest assets."

'PHONE RULING APPEALED

P. J. 6/14/38

Company Takes Utilities Division's Decision to Supreme Court.

An appeal from the ruling of the Public Utilities Division, ordering a reduction from 75 cents to 63 cents a month in extension telephone charges, was taken to the State Supreme Court yesterday by the New England Telephone and Telegraph Company.

The reduced rate, telephone officials have estimated, would mean a reduction of about \$7000 annually in the company's revenue.

The appeal is based on a denial that relationship between the A. T. and T. Co. and the New England corporation was a "vicious circle," and that the findings of the division "deprive the respondent of its property without due process of law.

The return day for the citation is July 5. Ernest A. Jenckes of Swan, Keeney and Smith filed the grounds of appeal as counsel for the company.

Telephone Rates

The stage is set for a highly important, although extremely complicated, legal battle as the New England Telephone and Telegraph Company prepares to dispute in court the State Division of Public Utilities order for reduction of the residential telephone extension charge from 75 to 63 cents a month. The issue raised by the company is whether the State Division, in the exercise of its unquestioned right to regulate rates and service of this kind in Rhode Island, erred in its findings on the basis of evidence and testimony.

A broader consideration, however, is at the root of both the State Division's ruling and the contention of the telephone company. The two parties to the controversy assert that the interest to be kept uppermost is that of the third party—the public using the telephone system. But the State Division and the corporation within its jurisdiction disagree fundamentally on such intricate points as the "reasonableness" of charges for the so-called luxury of residence extension lines and on such policy matters as the New England Company's affiliation with a parent organization or holding company, the American Telephone and Telegraph Company.

Despite the relatively small reduction of 12 cents a month in the charge for extension telephones in homes—a reduction that would amount to little more than \$7000 a year in savings for the customers who have such facilities now—it is not fair to say the State Division has labored mightily only to bring forth a meagre result.

Division Chief Michael De Ciantis and his associates, it should be remembered, took the initiative in this attempt to determine the possibility of lower rates for the public, on recommendation of Governor Quinn. They have devoted much time and thought to the problem not only in the field of communications but in other public utility operations in Rhode Island. Moreover, they have avoided moves to effect overnight changes or deal sweepingly with rate structures and private financial procedure of years' standing. They likewise have encouraged the conference method of adjusting differences and complaints and have held long public hearings.

Whatever may be the public reaction to the Division's order affecting the telephone company, the published opinion of Mr. De Ciantis, Mr. Connolly and Dr. White clearly sets forth their position, particularly on the holding company in this instance, and it raises questions that must be answered in Rhode Island sooner or later. There are at least two sides to these questions and the anticipated court fight may end in determination of general policy far beyond the proposition that 75 cents is or is not a fair charge for an extension telephone in residences of this State.

Cut In Rhode Island

does not approve of this type of financial scheme, as it is against public interest. It should be borne in mind that public utilities are given a special franchise by the State and their responsibilities are similar to that of a municipality to its people. It is the duty of a utility company, as it is of a municipality, to serve the people; that is its contract with the State.

EXORBITANT INTEREST

We believe that a 4.2% interest payment on a \$19,750,000 loan is exorbitant and the loan should be refunded. While we are discussing this point it is important to note that the American Telephone and Telegraph Company has received \$1,023,346.70 for services and licenses. Although a holding company may exact fees for services and licenses from its operating companies, the practice, nevertheless, lends itself to such irregularities which are not for the best interest of the operating company. This practice sometimes is used as another way of paying added dividends to a holding company, which brings about an increase in rates. This is one of the evils which has crept slowly but surely into parent subsidiary relationships and has brought about a condition in public utilities which has necessitated Federal investigation. Another evil, which has also been practiced by holding companies, is the charge of exorbitant rates of interest on affiliate company loans, a practice which should be abolished as quickly as possible. In the case at bar a smaller rate of interest can be had elsewhere, if the respondent corporation wishes to apply for it.

Again we grope into the report and there appears before us a heading entitled "Accounts Payable." We discover that the respondent company owes in "Accounts Payable" to the American Telephone and Telegraph Company the sum of \$698,671.87 and to the Westinghouse Electric Company, the sum of \$1,036,171.92. We might ask: Who is the Westinghouse Electric Company?

The respondent's agent testified that the Westinghouse Electric Company is the manufacturing department of the American Telephone and Telegraph Company. It manufactures all equipment which is purchased by the affiliate companies, including the respondent corporation. So that, up to this point we find that the American Telephone and Telegraph Company owns the respondent company "lock, stock and barrel."

SALARIED OFFICERS

While evidence was introduced that some employees have been laid off and others were placed on part time, there appears before us a list of twenty-three, salaried officers, who have received the total sum of \$333,814.18 in salaries. We deem it advisable to list a detailed statement of officers and the salaries paid.

Director and President	\$42,450.00
Director, Vice President	
and General Counsel	25,666.68
Director, Vice President	
and General Manager	28,416.67
Assistant to President,	
Vice President	13,750.00
Secretary	11,458.34
Treasurer and Assistant	
Secretary	11,000.00
General Auditor and	
Assistant Secretary	16,578.40
General Traffic Manager	20,972.24
General Commercial	
Manager	15,000.00
Chief Engineer	18,333.34
General Plant Manager	15,000.00
Assistant Vice President	9,166.67
General Attorney	13,000.00
General Solicitor	11,819.44
Assistant Treasurer	5,800.00
Engineer	11,458.00
Assistant General Plant	
Manager	12,000.00
Assistant General Traf-	
fic Manager	12,583.32
Assistant General Man-	
ager	18,361.08
Division Traffic Super-	
intendent	11,000.00
Division Plant Super-	
intendent	10,000.00
Total	\$333,814.18

The Division did not inquire as to what the salaries of officials were for the years other than 1934, 1935 and 1936. These salaries have not been reduced, but in some instances, increased. If a reduction were made in the wages of the employees, we doubt very much whether the employees would have been laid off or put on part time.

It was called to our attention that the report of the State Tax Revisory Commission, appointed by the Governor, had recommended an increase in the tax on revenues of the respondent corporation. While a narration of the stress and strife which the corporation was undergoing was related, this assertion was made on behalf of the respondent: "It occurs to me that perhaps I could do a bit of missionary work now that I am here in regard to a bill before the Legislature. Our taxes shouldn't be increased this year." It is important, therefore, that we examine the report made by the Commission, which discloses that Massachusetts receives \$3.75 per company telephone, Maine \$3.21, New Hampshire \$4.43, Vermont \$2.48 and Rhode Island \$1.89. It will be noted that Rhode Island receives less than any of the New England States where in the respondent does business. While it has whined of the taxes that it has had to meet, Rhode

Island has received a very small part of them.

NOT "UNDER WATER"

A corporation, which has been able to pay a 6½% dividend from the net earnings and still have a substantial sum left as surplus, and has been able to reduce an indebtedness of advances made to it by its holding company of \$2,650,000; which pays an excessive rate of interest to its holding company, and has paid \$1,023,346.70 to its holding company as services and has continued to pay generous salaries to its officials is not operating on "starved revenues," nor is it "under water" as was represented at the hearing.

We are of the opinion that if the respondent company emancipates itself from the clutches of its holding company, it could reduce its operating costs materially and would be able to retain its employees at work; benefit its stockholders, and reduce its telephone rates. But, until the respondent company is unshackled from the bonds of its holding company, the financial set-up which now exists will not be changed. A holding company is a menace to a community. It strains the public relationship which should exist between the community and the utility. Annihilation of the holding company is the execution octopus of finance.

EXTENSION STATIONS

We shall now consider the evidence pertinent to the issue presented and upon which this decision is based. The computations hereinafter referred to are based upon the reports, which have been filed by the respondent and which are a part of this case, and upon the testimony of the engineer of the respondent corporation.

The evidence shows that there are 6700 extension stations within this State. A monthly fixed charge of 75c is made for all stations, with the exception of 101 where the charge is 50c per month. A \$2.00 service connection charge is also made which, according to the evidence, is intended to cover what is known as non-capitalized cost. The cost of the telephone, including the apparatus, wires and other material used, is \$19.00. The total revenue from this class of service for the year ending December, 1937, was \$60,506.00. The engineer of the respondent company testified that there is no definite way of allocating operating expenses of the company; that these expenses are distributed among the users and all classes of service in what seems to be a most equitable way, based upon the investment. It was testified by the engineer that the average cost of maintenance on the extension was \$1.80 per year, and that the equipment depreciates at the rate of 6.9% or 91c per telephone, also that a 10% ratio of the remaining expenses is a reasonable charge to be allocated to this service.

We shall now give a detailed computation based upon the Rhode Island figures. There are 6770 telephone extensions in this State. There is a fixed charge of 50c on 101 sets, leaving a total of 6669 sets where the charge is 75c per month. The latter is the only item which we shall consider. The revenue on this number of stations at 75c was about \$59,900. The maintenance expenses for 6770 stations at \$1.80 equals \$12,186. Depreciation for the same number at 91c per year equals \$6,160.70. Other expenses at 10% equals \$21,510.86. This amount is based upon expenses after depreciation and maintenance has been deducted from the operating expenses. The total expenses were \$493,082.95, exclusive of taxes. The taxes for the entire State are \$406,846.91; 6.3% is contributed by this class of service toward taxes based upon proportionate distribution, which totals \$3,811.88. Total charges are \$43,669.44. The revenue of the corporation upon this service was \$60,506, leaving a net profit of \$16,836.56, or about a 28% net profit. We might note at this point that the gross return on the investment for the entire New England system is 23%. We also find that the gross return upon the investment for the Rhode Island area is 23%, but the gross return upon the investment on this classified service, based upon a \$129,000 investment and an operating revenue of \$60,506 is 46.9%. It is almost a 50% profit on the investment.

UNFAIR PROFIT

An extension may be a luxury, but the return must be fair and reasonable. It cannot be said that a service which has a gross return on the investment of about 50% and which contributes a net profit of about 28% is reasonable and fair. But, although this particular service may be considered a luxury, we are of the opinion that a 15% net profit is a reasonable and fair rate of return.

IT IS HEREBY ORDERED: (3547) That the monthly charge of 75c on resident telephone extension service be reduced to 63c, and

IT IS FURTHER ORDERED: That the respondent file tariffs with this Division, in accordance with this decision, within ten (10) days after the date of appeal has expired.

Dated at Providence, this eighth day of June, A. D. 1938.

DIVISION OF PUBLIC UTILITIES OF RHODE ISLAND.
MICHAEL DECIANTIS,
Chief of Division.

Approved:
JAMES G. CONNOLLY,
Superintendent Bureau of Regulation.
CHARLES A. WHITE, SR.,
Superintendent Bureau of Rates & Tariffs.

TELEPHONE

Continued

compensation and in that they deprive the respondent of its property without due process of law." The grounds for the appeal were filed by Ernest A. Jenckes of Swan, Keeney and Smith, counsel for the company. The return day for the citation is July 5, at which time the Supreme Court may fix date for hearing.

PHONE COMPANY APPEALS ORDER

E. B. 6/15/38
Denies "Vicious Circle" in Financial Setup. — Invokes "Due Process" Clause.

The New England Telephone and Telegraph Company took to the State Supreme Court this afternoon its appeal from a Public Utilities Division order that the company reduce extension phone charges from 75 to 63 cents per month.

Basis of the appeal was a denial that the relationship between the A. T. & T. and the New England Corporation was a "vicious circle," and an assertion that the decision was in violation of the "due process" clause of the United States and State Constitutions.

Issued June 8

The order by Chief Michael DeCiantis of the utilities division was handed down June 8, and followed hearings before that State agency on the company's extension rates. The reduced rate, it has been estimated by telephone officials, would mean about \$7000 annually in revenue.

However, the appeal today stressed objections that "there is no evidence in the record to support the findings that the relationship between the American Telephone and Telegraph Company and the New England Telephone and Telegraph Company is against the public interest or that the financial relationship and practices between said companies establish a vicious circle."

Sweeping Review

The utilities division decision was a sweeping review of the entire telephone company corporate organization, and hit at what the division termed the "shackles" and "clutches" of the N. E. T. & T. Co.'s holding company.

"Annihilation of the holding company is the execution of the octopus of finance," the utilities division had said.

Today, the telephone company held the findings of the division are in violation of the Constitution "in that they take the private property of the respondent for public use without

Continued on Page 2, Col. 5.

Telephone

QUINN ACTS ON WATER BILLS

6/17/38 Globe
Insists Companies Put End to Demanding Advance Payment

Gov. Robert E. Quinn said today he is determined to put an end to the practice of water companies in demanding payment of bills in advance.

The Governor revealed that at his request, Michael De Ciantis, chief of the State Division of Public Utilities, had investigated the matter. He disclosed a letter from De Ciantis which said the Bristol County Water Co., after negotiations with the division chief, had agreed to drop the pre-payment plan.

WORK FOR REFORM

"If one company can do it, all companies can do it," the Governor said, in re-iterating pledges made in his acceptance speech of 1936 that he would work for reforms in utilities practices.

He further said: "I propose to see to it that the resources of this State are at the disposal of its citizens; I propose to make the utility companies put their cards on the table; I want the facts determined and on those facts a square deal to the people guaranteed; I propose to make the utility companies show us that their rates are reasonable; I propose to make the banks explain why they charge six per cent interest and pay two per cent or nothing at all; I propose to find out what water companies charge for a full year in advance; I propose to find out what loan companies are charging people who aren't able to protect themselves and to make steps to wipe out usury in Rhode Island; I

(Continued on Page 3)

owned by the New England Light, Water and Power Associates.

Cut In Rhode Island

does not approve of this type of financial scheme, as it is against public interest. It should be borne in mind that public utilities are given a special franchise by the State and their responsibilities are similar to that of a municipality to its people. It is the duty of a utility company, as it is of a municipality, to serve the people; that is its contract with the State.

EXORBITANT INTEREST

We believe that a 4.2% interest payment on a \$19,750,000 loan is exorbitant and the loan should be refunded. While we are discussing this point it is important to note that the American Telephone and Telegraph Company has received \$1,023,346.70 for services and licenses. Although a holding company may exact fees for services and licenses from its operating companies, the practice, nevertheless, lends itself to such irregularities which are not for the best interest of the operating company. This practice sometimes is used as another way of paying added dividends to a holding company, which brings about an increase in rates. This is one of the evils which has crept slowly but surely into parent subsidiary-relationships and has brought about a condition in public utilities which has necessitated Federal investigation. Another evil, which has also been practiced by holding companies, is the charge of exorbitant rates of interest on affiliate company loans, a practice which should be abolished as quickly as possible. In the case at bar a smaller rate of interest can be had elsewhere, if the respondent corporation wishes to apply for it.

Again we grope into the report and there appears before us a heading entitled "Accounts Payable." We discover that the respondent company owes in "Accounts Payable" to the American Telephone and Telegraph Company the sum of \$698,671.87 and to the Westinghouse Electric Company, the sum of \$1,036,171.92. We might ask: Who is the Westinghouse Electric Company?

The respondent's agent testified that the Westinghouse Electric Company is the manufacturing department of the American Telephone and Telegraph Company. It manufactures all equipment which is purchased by the affiliate companies, including the respondent corporation. So that, up to this point we find that the American Telephone and Telegraph Company owns the respondent company "lock, stock and barrel."

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General Auditor and	
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Island has received a very small part of them.

NOT "UNDER WATER"

A corporation, which has been able to pay a 6 1/2% dividend from the net earnings and still have a substantial sum left as surplus, and has been able to reduce an indebtedness of advances made to it by its holding company of \$2,650,000; which pays an excessive rate of interest to its holding company, and has paid \$1,023,346.70 to its holding company as services and has continued to pay generous salaries to its officials is not operating on "starved revenues," nor is it "under water" as was represented at the hearing.

We are of the opinion that if the respondent company emancipates itself from the clutches of its holding company, it could reduce its operating costs materially and would be able to retain its employees at work; benefit its stockholders, and reduce its telephone rates. But, until the respondent company is unshackled from the bonds of its holding company, the financial set-up which now exists will not be changed. A holding company is a menace to a community. It strains the public relationship which should exist between the community and the utility. Annihilation of the holding company is the execution octopus of finance.

EXTENSION STATIONS

We shall now consider the evidence pertinent to the issue presented and upon which this decision is based. The computations hereinafter referred to are based upon the reports, which have been filed by the respondent and which are a part of this case, and upon the testimony of the engineer of the respondent corporation.

The evidence shows that there are 6700 extension stations within this State. A monthly fixed charge of 75c is made for all stations, with the exception of 101 where the charge is 50c per month. A \$2.00 service connection charge is also made which, according to the evidence, is intended to cover what is known as non-capitalized cost. The cost of the telephone, including the apparatus, wires and other material used, is \$19.00. The total revenue from this class of service for the year ending December, 1937, was \$60,506.00. The engineer of the respondent company testified that there is no definite way of allocating operating expenses of the company; that these expenses are distributed among the users and all classes of service in what seems to be a most equitable way, based upon the investment. It was testified by the engineer that the average cost of maintenance on the extension was \$1.80 per year, and that the equipment depreciates at the rate of 6.9% or 9.1c per telephone, also that a 10% ratio of the remaining expenses is a reasonable charge to be allocated to this service.

We shall now give a detailed computation based upon the Rhode Island figures. There are 6770 telephone extensions in this State. There is a fixed charge of 50c on 101 sets, leaving a total of 6669 sets where the charge is 75c per month. The latter is the only item which we shall consider. The revenue on this number of stations at 75c was about \$59,900. The maintenance expenses for 6770 stations at \$1.80 equals \$12,186. Depreciation for the same number at 9.1c per year equals \$6,160.70. Other expenses at 10% equals \$21,510.86. This amount is based upon expenses after depreciation and maintenance has been deducted from the operating expenses. The total expenses were \$493,082.95, ex-

TELEPHONE

Continued

compensation and in that they deprive the respondent of its property without due process of law."

The grounds for the appeal were filed by Ernest A. Jenckes of Swan, Keeney and Smith, counsel for the company. The return day for the citation is July 5, at which time the Supreme Court may fix date for hearing.

PHONE COMPANY APPEALS ORDER

E. B. — 6/15/38
Denies "Vicious Circle" in Financial Setup. — Invokes "Due Process" Clause.

The New England Telephone and Telegraph Company took to the State Supreme Court this afternoon its appeal from a Public Utilities Division order that the company reduce extension 'phone charges from 75 to 63 cents per month.

Basis of the appeal was a denial that the relationship between the A. T. & T. and the New England Corporation was a "vicious circle," and an assertion that the decision was in violation of the "due process" clause of the United States and State Constitutions.

Issued June 8

The order by Chief Michael DeCiantis of the utilities division was handed down June 8, and followed hearings before that State agency on the company's extension rates. The reduced rate, it has been estimated by telephone officials, would mean about \$7000 annually in revenue.

However, the appeal today stressed objections that "there is no evidence in the record to support the findings that the relationship between the American Telephone and Telegraph Company and the New England Telephone and Telegraph Company is against the public interest or that the financial relationship and practices between said companies establish a vicious circle."

Sweeping Review

The utilities division decision was a sweeping review of the entire telephone company corporate organization, and hit at what the division termed the "shackles" and "clutches" of the N. E. T. & T. Co.'s holding company.

"Annihilation of the holding company is the execution of the octopus of finance," the utilities division had said.

Today, the telephone company held the findings of the division are in violation of the Constitution "in that they take the private property of the respondent for public use without

Continued on Page 2, Col. 5.

Telephone

ANNEX CLUB WILL INDUCT OFFICERS

ANNEX CLUB WILL INDUCT OFFICERS

QUINN ACTS ON WATER BILLS

(Continued from Page 1)

propose to find out why all oil companies raise the price of gas at one time without any reasonable explanation...

DE CIANTIS ANSWERS

De Ciantis, whose work as head of the utilities division has gained widespread approval, said in his letter to the Governor: "In compliance with your request, I have made an investigation into the practice of the water companies in demanding advance payments for the use of water by their metered customers.

"After negotiations with the officials of the Bristol County Water Co., it has been agreed by the company's officials to discontinue the practice. Heretofore, the company billed quarterly in advance. The payment was \$4.50 a quarter in advance or \$18 per year in advance. The bills became due and payable in January, April, July and October. Under the new order, the payments will be made at the end of each quarter, giving the customers the right to use the water before paying for it. This will affect the following municipalities and consumers: Bristol, 243; Barrington, 1021; Warren, 115.

"Since the billing for the year 1938 has been completed, I have agreed with the company that the new order go into effect January 1, 1939.

"I wish to state that the officials of the company have been cooperative with me on the matter."

Records show that the utilities division July 7 on its investigation of the practice of the Warwick and Coventry Water Co., East Greenwich Water Supply Co., Pawtuxet Valley Water Co. and Wakefield Water Co., in charging water rates in advance. These companies are owned by the New England Light, Water and Power Associates.

"Hearing for Wakefield Water

Company" -- DeCiantis

DAY, MAY 25, 1938

COUNSEL PLEDGES WATER FIRM DATA

P. J.
Computation Will Show Effect
of Change to Method of
Billing in Arrears.

HEARINGS ARE CONTINUED

DeCiantis Questions Waldron,
Bringing Out More Facts on
Set-up of Holding Companies

Frederick W. Tillinghast, counsel for four water companies being heard before the State Division of Public Utilities, told the division yesterday he would attempt to have a computation ready on June 13 to show what the effect would be on the companies if they billed in arrears.

The companies, the East Greenwich Water Supply Company, the Warwick and Coventry Water Company, the Pawtuxet Valley Water Company, and the Wakefield Water Company, have been called before the division to justify their system of billing for water in advance. The hearing has been going on intermittently for several weeks and was continued yesterday until June 13.

During the day, Michael DeCiantis, chief of the division, brought out through questioning Cecil Waldron, accountant for the companies, that the New England Water, Light and Power Associates is the holding company for all companies except the Wakefield organization, for which the Weybosset Company is the holding unit. The companies are not incorporated, he said, but were designated by The Massachusetts Trust.

The Massachusetts Trust, Mr. DeCiantis brought out, is the parent company of the New England Water, Light and Power Associates, which in turn owns the Weybosset Company. The Massachusetts Trust, Mr. DeCiantis said, is made up of five men, and this makes them the owners of all the holding companies.

The division chief also declared that under this set-up no corporate returns were to be made to the State by the holding companies and they were also exempt from corporate tax.

South Kingstown (Continued from Page 1) 1/7/38

DE CIANTIS DECIDES TO CALL HEARING SOON

Latest Developments On South Kingstown and Narragansett Water

COMPLAINTS BY MANY PROMINENT SO. KING. AND NARRA. CITIZENS BRING WATER MATTER TO HEAD

After reading the list of complaints furnished by this newspaper from irate citizens and users of water in Narragansett and South Kingstown, Michael De Ciantis, Chief of the Division of Public Utilities, today decided to call for a public hearing between the Wakefield Water Company and its customers in the two towns. No date was set for the hearing but it is understood that it will be in the near future. Mr. De Ciantis said that he would notify the Wakefield Water Company of his decision in a few days.

A group of citizens from the Town of Narragansett notified this newspaper yesterday evening that they wished to have Narragansett cooperate with South Kingstown in the matter of forcing a reduction in rates from the Water Company. This group will forward a formal list of complaints for this newspaper to hand to Mr. De Ciantis next week.

The following citizens of the towns of Narragansett were the original complainants upon which the action of Mr. De Ciantis was based: Rodman Robinson, Clifford Auliss, James J. Forbes, Dr. Malford Thewlis, Chris Christiansen, Andrew Whaley, Dr. Charles A. White, Sr., Irving Yost, Frank A. Fagan, Harold Whiting, Mrs. Anne Mann, Mrs. Anna Gordon and John Premo. All of these people complained about either excessive rates or poor water, or both. In addition, Mr. Thomas P. Hazard and Mr. Edward Coman and many other citizens of both Narragansett and South Kingstown assured this newspaper that they were "with us a hundred per cent. in the matter."

A user of water in the Town of Westerly, yesterday, notified this newspaper that the average charge in Westerly was around \$10 per year for water. This party sent his 1937 water bill along as proof. It read: MINIMUM YEARLY CHARGE — \$10. This is \$15 less per year than the Wakefield Water Company's minimum charge. In the State of California, where water rates are supposed to be the highest anywhere in the United States, in a town in Southern California, the minimum charge for water, and it is good water, is \$18 per year with a gallonage of 75,000 per year allowed.

Next week in these columns we will publish the results of a survey, now being conducted, of water companies in Rhode Island, whose charters and lines are similar to those of the Wakefield Water Company. In this way we may be able to determine just what rate the Wakefield Water Company would be justly entitled to charge.

In regard to the Public Hearing, we wish to impress upon all those interested in the water situation that the time for action on the matter will be the day upon which the hearing is to be held. At that time every able-bodied man and woman, who is financially able to journey to the offices of the State Division of Public Utilities in the State Office Building, on Capitol Hill in Providence, should do so. For the people of South Kingstown and Narragansett will win or lose their water fight on that day. In the meantime the editors will aid local committees in drawing up a program for the Public Hearing. All those interested who have cars and who want to make the trip are asked to address "South County Publications — Wakefield, R. I." We have requests from a great many people who want to attend the hearing who haven't any mode of transportation. If those who have room in their cars for one or two passengers will notify us we may be able to arrange transportation for these people without cars.

COMPLAINTS WILL BE AIRED TODAY

P. J. — 6/5/38
State Utilities Board Will Hear
Charges Against Wake-
field Water Co.

The State Public Utilities Commission will hold a hearing on the Wakefield Water Company at 10 o'clock this morning in its offices in the State Office building, it was learned last night.

Three topics will be discussed, it was said: The company's policy of collecting meter rentals a year in advance; complaints as to excessive water rates; and the quality of the water.

Complaints from South Kingstown and Narragansett residents relative to these subjects were filed with the State Division of Public Utilities in January. One complaint was from Mrs. Anne Mann of Narragansett, chairman of the Narragansett Chamber of Commerce water committee.

The letter received by the Division said: "The committee and the members feel that the rates charged are too high and that the quality of water could be improved upon."

Another communication sent to the Division was a petition from 20 South Kingstown customers of the company protesting excessive rates.

WATER HEARINGS RESUMED

Engineer Testifies on Survey Conducted for Corporation.

Hearings to determine value of Newport Water Corporation properties for a purchase price for the City of Newport were resumed yesterday at Newport before three commissioners appointed by the Superior Court.

Gardner C. Easton, water corporation civil engineer, testified regarding a survey of 942.39 acres of real estate owned by his retainers. Cross-examined by Edward J. Corcoran, city counsel, he was asked for the acreage of the four larger reservoirs.

The hearings opened last June, but were adjourned a month ago. Yesterday's session was adjourned at 1 p. m. until Monday forenoon.

City appraisers are expected to follow Easton on the stand.

Corporation counsel, as the hearing opened, introduced into the record a summary of the land acres owned by the corporation as of June 9, 1936.

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Rectangular area in the upper right section of the page with the handwritten number "64" at the top.

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HEARING ON WATER BILLS CONTINUED

Utilities Division Asks Waldron to Obtain More Information

After a day of testimony by Cecil E. Waldron, accountant for four water companies in Kent and Washington counties, the State Division of Public Utilities yesterday continued until May 23 the public hearing on the matter of advance payment of water bills required by the companies. The postponement was arranged to permit Mr. Waldron to obtain information asked by the division.

The division has asked the Warwick and Coventry Water Co., the Pawtuxet Valley Water Co., the Wakefield Water Co., the East Greenwich Water Co., to show cause why they should not discontinue practice of sending out billings in advance.

Under questioning by Michael DeCiantis, division chief, Mr. Waldron said the number of uncollectable bills would increase if the companies were forced to pursue the plan advanced by the division.

Mr. DeCiantis maintained the companies Mr. Waldron represented charged the highest rates in the State and asked for comparative charges of the companies and other privately owned water concerns.

Mr. Waldron reported that the East Greenwich company's minimum charge in advance is \$10 for 25,000 gallons a year; the Warwick and Coventry company's minimum, \$15 for 50,000; the Pawtuxet Valley company's, \$15 for 50,000; and the Wakefield company, \$25 for 62,500 gallons.

Similar minimum charges quoted by Mr. Waldron were Providence, \$8 for 33,000; East Smithfield, \$16 for 30,000; Block Island, \$13; Bristol, \$18 for 45,000; East Providence, \$12 for 33,200; Westerly, \$10 for 33,750; and Jamestown, \$15 for 11,000.

Frederick W. Tillinghast of Hinckley, Allen, Tillinghast and Wheeler, counsel for the companies, objected to this line of questioning so far as statement of minimum charges of other companies was concerned, but was over-ruled by Mr. DeCiantis.

WATER COMPANY CHANGES SYSTEM

Bristol County Utility to Discontinue Pay-in- Advance Rule

The Bristol County Water Company, as the result of negotiations with Michael DeCiantis, Chief of the State Division of Public Utilities, has volunteered to discontinue its practice of demanding payments in advance for the use of water by its metered customers. The new arrangement will affect 1021 consumers in Barrington, 243 in Bristol and 115 in Warren.

In his report to Governor Robert E. Quinn, Mr. DeCiantis said that inasmuch as the billings for the present year have been completed the new order will go into effect next Jan. 1.

"If one company can do this I can't understand why the others can't," Governor Quinn said. In his speech of acceptance at the last Democratic State convention the Governor announced that he intended to start a move to discontinue the practice of demanding advance payments by water companies and he has been interested in the negotiations the Division of Public Utilities has been carrying on. The Division now is conducting hearings on the practice by water companies in the southerly section of the State.

JOURNAL, TUESDAY, JUNE 28, 1938

NEW HAVEN SEEKS SCHEDULE CHANGE

Brief Filed in Federal Court
Sees Way to Save Million
Per Year on Old Colony.

EFFORTS REFUSED ONCE

Rearrangement of Rhode Island
Service Already Opposed by
State and Newport

Trustees of the New Haven railroad yesterday filed a brief in the Federal District Court at New Haven, Conn., claiming that an annual savings of approximately \$1,000,000 could be effected on the Old Colony System, part of which stretches for 69 miles from Newport to Boston, by a rearrangement of schedules and abandonment of all passenger trains at 88 stations in Massachusetts and Rhode Island.

The New Haven first moved to abandon these stations last February, but the Public Utilities Commission of Massachusetts refused permission pending further investigation. Michael DeCiantis, chief of the State Division of Public Utilities of Rhode Island, and Mayor Henry S. Wheeler of Newport, joined in opposing the discontinuance.

The recommendations for schedule rearrangements and discontinuance of passenger stations would affect chiefly the Newport-Boston route with stations at Newport, Middletown, Portsmouth, with its Bristol Ferry station, Tiverton, Fall River and suburban and outlying sections of Boston, and the Cape Cod and

House-Mover Puts Ice Under Building and Lets It Melt Onto Foundation

Alamo, Tex., June 27.—(AP)—Bruce Adkins, house-mover, put an ice foundation under a large building he moved to a new location here.

It melted, just as he planned, and let the building down gently on its permanent foundation after he removed supporting jack-screws.

South Shore districts of Massachusetts.

The recommendations answered a joint petition by the Mutual Savings Bank Group Committee of New Haven Railroad Bonds, the Protective Committee of the shareholders of the Old Colony Railroad Company and the Old Colony Railroad Company.

Yesterday was the deadline set by Judge C. C. Hincks for the trustees' answer and July 7 was set for hearing on the joint petition.

At present there are two through trains daily on the Newport-Boston division.

PIANO BARGAINS. See Classification 62 in the Classified Section.

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NEW BUS PLAN FOR CRANSTON

De Ciantis and U. E. R. In Agreement for Better Service

Michael De Ciantis, chief of the State Division of Public Utilities, announced today an agreement between the Division and United Electric Railways Co., which assures Cranston residents of better bus service.

The new plan is an outgrowth of a recent hearing before the Division on the petition of Cranston residents that the U. E. R., be compelled to establish a "through" route from Oaklawn to Providence.

30-MINUTE SERVICE
Under the new arrangements, as announced by De Ciantis in a letter to Ben Boyden, Cranston resident who led the drive for better service, a service from Oaklawn to Providence will give Cranston residents through service between these two points.

The plan calls for 30-minute service all day long from Oaklawn; 15-minute service morning and night from the Cranston Print Works; 15-minute outbound service to Meshanicut Park during the afternoon rush period. On inbound trips during the rush period there will be express service from Webster avenue and Cranston street to Providence.

On off-peak periods there will be express bus service from Webster avenue and Clarence street, Cranston to Olneyville, then to Broadway and downtown Providence.

ROUTE SCHEDULE

Buses will leave Oaklawn and proceed along Oaklawn avenue, over Dean avenue bridge, along Cranston street, to Meshanicut Park to Dyer avenue, or Pocasset avenue, so-called; turn left on Pocasset avenue and proceed along Pocasset avenue, until Chestnut Hill avenue; turn right on Chestnut Hill avenue, and turn left onto Laurel Hill avenue. Proceed along Laurel Hill avenue, to Union avenue, down the hill to Webster avenue; through Webster avenue, to Pocasset avenue, and down Pocasset avenue, to Plainfield street, to Olneyville square; thence Broadway to Fountain street, down Fountain street, to the west approach to Union Station, and then turn right on second west approach to Union Station to the waiting station opposite the Biltmore Hotel.

OUTBOUND.—They will leave the waiting station and proceed through Dorrance street, to Washington street, up Washington street, to Aborn street, and then out Broadway over the same route as inbound.

De Ciantis announced that he had denied the petition of Cranston residents which alleged that the bus service between Oaklawn and Gansett avenue, Cranston is "inadequate and unsatisfactory" and asking a "through" route from Oaklawn to Providence.

The Division chief said "evidence of the respondent in the case at bar preponderates that of the complainants."

DeCIANTIS TO URGE LARGER PERSONNEL

Speaks at Meeting of Util- ity Commissioners of N. E. at Riverside

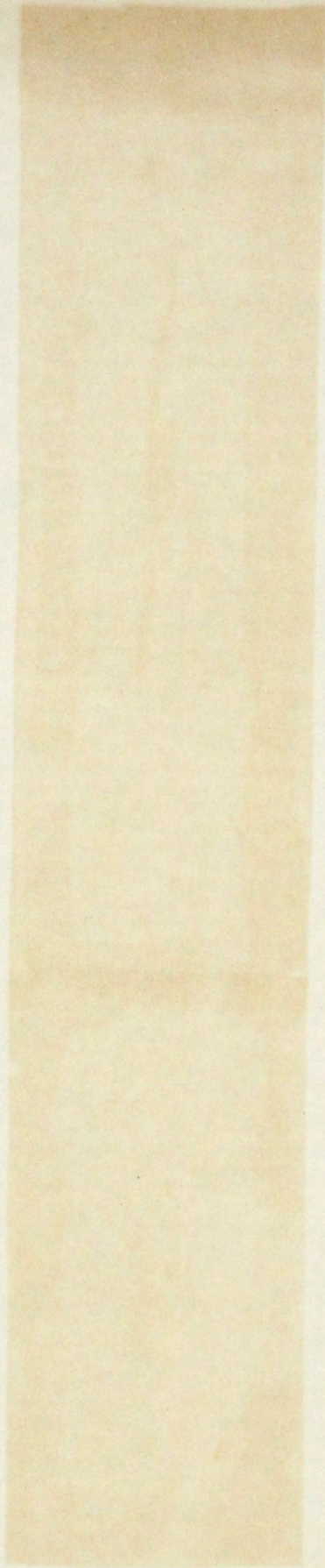
Addressing the annual meeting of the New England Public Utilities Commissioners at the Pomham Club, Riverside, yesterday, Michael DeCiantis, chief of the State Division of Public Utilities, said an increase in the division's personnel would be asked soon.

DeCiantis said he would ask for an accountant, engineer, rate man and technician so that his department may be more able to prepare evidence for hearings on public utilities applications. He also indicated he would recommend a large appropriation. His recommendations will be made to Governor Robert E. Quinn.

Greetings from Governor Quinn were brought by DeCiantis. Roscoe Anderson, secretary of the Division, was chairman, and former Lieutenant Governor James G. Connolly, a member of the Division, was secretary.

June - 28, 1938

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Journal News
**OAKLAWN TO GET
THROUGH BUS LINE**

Meshanticut Park Included in
Plans for Service Expected
to Start in August.

WILL USE OLNEYVILLE SQ.

Carriers Will Enter Downtown
Providence Along Broadway;
Arranged at Conference

Through bus service between Oaklawn, Meshanticut Park and Providence, over a route which will pass through Olneyville and enter the downtown section by way of Broadway, has been arranged by the State Division of Public Utilities after a conference with Alonzo R. Williams, general manager of the U. E. R., Michael DeCiantis, chief of the division, announced last night.

Inauguration of the service will not become effective until late in August, when operators are reassigned to lines.

Patrons Petition Just Denied

The announcement of the contemplated new service follows by three days denial by the division of petitions of Oakland and Meshanticut Park residents for through service in place of present service which requires transfers from bus to trolley car on Cranston street at Gansett avenue.

The decision, though denying the petition, declared that service which necessitated transfers was unsatisfactory both to the patron and to the U. E. R.

Under the arrangement there will be 30-minute service all day from Oaklawn and 15-minute service morning and night from the Cranston Print Works. Meshanticut Park will have 15-minute outbound service in the afternoon rush period. On inbound trips during the rush period the busses will run express from Webster avenue and Cranston street to Providence.

Actual Route Announced

On the off-peak periods they will run express from Webster avenue and Clarence street to Olneyville, thence to Broadway and the centre of the city. On outbound trips, both during the rush hours and off-peak periods, they will run express from Providence to Clarence street and Webster avenue.

The actual route which will be established is as follows: Busses will leave Oaklawn and proceed along Oaklawn avenue, over Dean avenue bridge, along Cranston street to Meshanticut Park to Dyer avenue, or Pocasset avenue, turn left on Pocasset and proceed to Chestnut Hill avenue, turn right on Chestnut Hill and turn left onto Laurel Hill avenue, to Union avenue, to Webster avenue, to Pocasset avenue, to Plainfield street, to Olneyville square, to Broadway, to Fountain street, to the west approach of the Union station, turn right on second west approach, to the waiting station opposite the Biltmore Hotel.

On outbound trips the busses will go through Dorrance street, to Washington to Aborn and then out Broadway over the same route as inbound.

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Prov. Journal 6/29/38
Where Change Begins

With considerable justification Chief Michael De Ciantis of the State Division of Public Utilities complains that his office lacks sufficient personnel and funds. He and his two fellow commissioners have only a veteran chief clerk, a handful of inspectors and several clerical employes. He cites the need for an accountant, an engineer, a rate man and a statistician.

In support of his contention is the fact that the Division, one of the most important in the State Government in so far as it affects the people of the State, has an appropriation smaller than that of any other division in the Department of Revenue and Regulation. His allotment of \$33,523 is less than the \$38,750 for the Division of Horse Racing, \$54,795 for the Division of State Taxation, \$57,640 for the Division of Banking and Insurance, \$103,150 for the Division of Intoxicating Beverages, and \$284,200 for the Division of Motor Vehicles.

Yet, despite the obvious widening of the Public Utilities Division's activities in recent years and the growing complexity of its problems, a simple proposal to give it more money at this time does not seem the most practical way of meeting the situation.

In no event should any individual appropriation be increased without a thorough study of its urgency and of the effect it would have on the State budget as a whole. There is ample reason to believe that thousands of dollars could be cut from authorized expenditures of many departments and bureaus less deserving than the Division of Public Utilities. But a transfer of funds from one division to another would be merely

a temporary expedient. It would be neither statesmanlike nor businesslike.

Results of the \$250,000 electric power survey directed by former Division Chief Frederick A. Young, may throw new light on the probable future scope of State supervision and regulation. General Assembly action would be required before the Division could proceed with an enlarged force. But, for the achievement of genuine economy in State government, wisdom in the spending of money to obtain the money's worth is as necessary as the saving of money by eliminating waste, extravagance and luxuries.

In this office, as in all State governmental agencies, whatever changes are made should rest on a sound basis of service in the public interest. Selection of all employes, from expert engineer to clerical worker, should be on proven qualification and with the assurance that political interference or unreasonable threat of dismissal will not stand in the way of efficient work.

**DE CIANTIS WARNS
AGAINST 'RACKET'**

E.B. 7/5/38
Questions Applicant for Contract Carrier Plates on Report.

A warning that anyone "who tries to make a racket out of the obtaining of contract carrier plates will be taken before the Attorney General" was issued by Michael DeCiantis, chief of the Division of Public Utilities, at a public hearing today.

When Charles Murphy of Pascoag was called to explain his application for a contract carrier license for his truck, Mr. DeCiantis said, "We have heard from a source other than yourself that if you took insurance on your truck from him you would be sure to get your permit as a contract carrier. Is this so?"

"No, not exactly," Mr. Murphy answered. "I got a telephone call from an insurance man in Pascoag who told me that if I took my insurance from him I could go to work without waiting for a hearing on my petition for contract carrier plates."

"Didn't he say you would be sure to get your plates because he had influence enough to get them for you?"

"No, he just said I wouldn't have to wait for a hearing."

Turning to the room full of applicants for plates, Mr. DeCiantis declared, "I want to serve notice right now that no one goes to work without obtaining their plates and if this Division finds anyone who tries to make a racket out of obtaining contract carrier plates he will be taken before the Attorney General and I will ask that his license be rescinded."

Murphy's application was granted.

**WARNING IS GIVEN
ON CARRIER PLATES**
7/6/38
**DeCiantis Says No One
Goes to Work Without Permit**

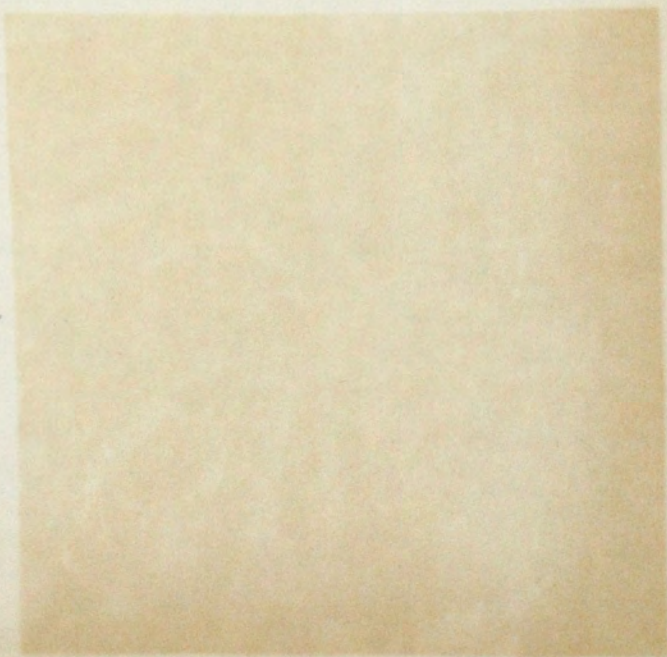
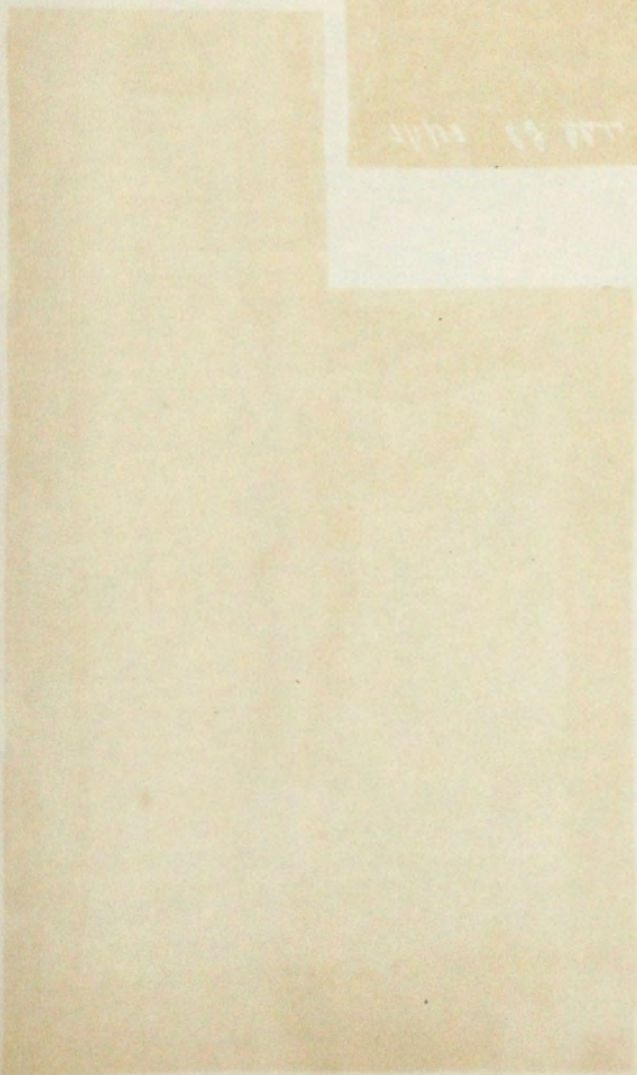
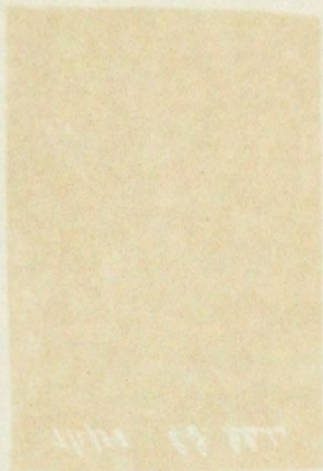
Anyone trying to make a racket out of obtaining contract carrier plates will be taken before the Attorney General, Michael DeCiantis, chief of the Division of Public Utilities, warned yesterday at a public hearing.

Asked by Mr. DeCiantis if "an insurance man told you that if you took insurance on your truck from him you would be sure to get your permit as a contract carrier," Charles Murphy of Pascoag, replied:

"An insurance man in Pascoag told me that if I took my insurance from him I could go to work without waiting for a hearing on my petition for carrier plates."

Murphy denied the insurance man said he had influence enough to get him the plates. His application was granted.

"I want to serve notice," said Mr. DeCiantis, "that no one goes to work without obtaining their plates."



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De Ciantis Cites 'Very Grave' Railroad Situation in R. I.

Says Lack of Competition and Intra-State Service Present Problem; Claims New Haven Leans Toward Freight Service

Lack of competition and intra-State service presents a "very serious" railroad situation in Rhode Island, Michael De Ciantis, chief of the State Division of Public Utilities, asserted today in elaborating on his statement before a recent meeting of the New England Association of Public Utilities Commissioners.

The State official pointed out that the New Haven railroad which hold a franchise with the State is more than anxious to abandon intra-State passenger service, but want to continue freight service because the latter is a paying proposition.

"It is my opinion that railroads should not insist in a profit in every classification of its service," De Ciantis declared.

FRANCHISE SUGGESTION

The State official told his colleagues at the annual meeting that if the New Haven insists in seeking abandonment of its passenger service, "it ought to give up its franchise in favor of somebody else."

De Ciantis, in his resume of activities of the State division, stressed that his group is handicapped by the lack of facilities and indicated he will seek to have placed at his disposal an accountant, statistician, engineer and rates expert. These are necessary, he said, in an investigation of almost all matters involving public utilities.

The utilities division head pointed out how thousands of dollars had been saved consumers in re-

duction of utilities rates and through other reforms along that line which had been advocated by Gov. Robert E. Quinn. He stressed that the additional facilities were necessary to make other much needed changes.

RATES EXORBITANT

He pointed out that rates in almost all cases are exorbitant. He again attacked the practice of water companies charging rates in advance and told utilities officials of the other New England States that the holding company situation was something that required co-operative and concentrated action by officials of the various States.

Each official of the States represented gave an outline of activities of his department's work during the past year. Many of those present expressed amazement at Rhode Island's accomplishments under the present utilities division and of its clear cut program for the future.

7/1/38 R. I. Globe
**Looking Around
Capitol Hill**

Michael De Ciantis, chief of the State Division of Public Utilities, will continue as president of the New England Association of Public Utilities Commissioners until such time as the association selects the place of its next annual meeting. The head of the division in the State selected for the meeting is association president under its rules. Providence was site for this year's meeting, so De Ciantis was president. The association, at its recent meeting here, held in abeyance the place for the next meeting so he will continue as head of the group until a selection is made.

JULY 14, 1938

Expired Date Lottery Slips Raises Tough Legal Point

Is it illegal to possess tickets for a drawing on an already expired date?

This is the question raised before Judge Dunn in the Eighth District Court this morning when Arthur Victor Emanuel Swedberg, 52, of Brookfield Hill, West Warwick, went on trial for possessing lottery tickets.

The arrest was June 10 and the

lottery drawing was June 3, according to the printed slips. State police hinted the slips were "pay-offs" and Michael DeCiantis, attorney for the defence said the expired date removed the element of lottery.

Both sides will file briefs with the court before Thursday of next week, when a new date may be set for the completion of the trial.

De Ciantis Warns of Rackets On Contract Carrier Plates

Public Utilities Chief Makes Declaration During Hearing on Pascoag Man's Petition; Insurance Scheme Alleged

Globe - July 10, 1938

Michael D. Ciantis, chief of the State Division of Public Utilities, warned at a public hearing this week that anyone who tries "to make a racket out of the obtaining of contract carrier plates will be taken before the attorney-general."

The division chief made the declaration during hearing on the petition of Charles Murphy of Pascoag for a contract carrier license. The permit was granted.

De Ciantis told Murphy the division had information that an insurance man told Murphy that if he obtained insurance from him he would be sure to get a contract carrier permit. De Ciantis asked

Murphy if the information was correct.

"No, not exactly," said Murphy. "I got a telephone call from an insurance man in Pascoag, who told me that if I took my insurance from him I could go to work without waiting for a hearing on my petition for contract carrier plates."

The division chief then said: "I want to serve notice right now, that no one goes to work without obtaining their plates, and if this division finds anyone who tries to make a racket out of contract carrier plates, he will be taken before the attorney-general and I will ask that his license be rescinded."

UNION AIDED BY DE CIANTIS

P. J. Wk. July
Utilities Chief Confers With Narragansett Electric Co.

Michael A. DeCiantis, chief of the State Division of Public Utilities, has conferred with officials of the Narragansett Electric Co. in an effort to have the company return to work furloughed and demoted employees in the company's maintenance department. The curtailment order was issued by the company this week.

Mr. DeCiantis's action followed a request by William E. Gavigan, business agent of the Brotherhood of Utility Workers of New England, Inc., and Frank E. Munroe, president, that he intercede in behalf of the union to have the company change its policy. The union leaders called on Mr. DeCiantis after 600 members of the union had voted against the company's policy and asked that the State official confer with the company officials in an effort to have the order rescinded.

GAVIGAN'S STATEMENT

Mr. Gavigan's statement follows: "This local is bound by a working contract with the Narragansett Electric Co. When this agreement was completed it was the opinion of the union signees that the pact would bind both parties, not only to the letter of the provisions, but also to the spirit of the entire agreement, that of keeping workers at work and assisting the company to prosper.

"One of the provisions of the pact provides for adjustment of working conditions during so-called emergencies. The union members, in this instance, believe that al-

(Continued on Page 4)

pleased to interest themselves in a problem which indirectly might affect half the population of the State."

De Ciantis Warns of Rackets On Contract Carrier Plates

Public Utilities Chief Makes Declaration During Hearing on Pascoag Man's Petition; Insurance Scheme Alleged

Globe - July 10, 1938

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UNION AIDED BY DE CIANTIS

(Continued from Page 1)

though there is a possibility that the company is living up to the letter of the contract, its officials are acting in a manner as to create belief they intend to violate the spirit of the agreement and place the electric-using public in a position where serious consequences may result in their business and domestic life.

"At the conference, the union representatives were told no provisions were made in the budget for the continuation of the full force of the maintenance department, especially in the key station on South street. Furthermore, it was stated that the entire maintenance personnel would not be needed because no provisions had been made to purchase additional replacement parts. The union insisted that for the successful operation for company gain and public convenience no decrease in the force be made.

"The records of the union show that maintenance department workers have been employed on an overtime basis, thus contradicting company statements that the size of the personnel was too large for the present demand. There is no question that in the event of an emergency at the South street plant large areas in the State might be without service because of the lack of manpower and equipment. This the union wants to avert.

"The committee will ask Mr. DeCiantis and Mr. McMahon to interest themselves in the new company policy with a view to having the power officials change their previous order. The union representatives believe the saving to be made by the company is so small and the risk of public inconvenience is so great, these public officials no doubt will be pleased to interest themselves in a problem which indirectly might affect half the population of the State."

Says Lack of Competition Present

Lack of competition in State service presents a "very serious" railroad situation in Rhode Island, Michael De Ciantis, chief of the State Division of Public Utilities, asserted today in elaborating on his statement before a recent meeting of the New England Association of Public Utilities Commissioners.

The State official pointed out that the New Haven railroad which hold a franchise with the State is more than anxious to abandon intra-State passenger service, but want to continue freight service because the latter is a paying proposition.

"It is my opinion that railroads should not insist in a profit in every classification of its service," De Ciantis declared.

FRANCHISE SUGGESTION

The State official told his colleagues at the annual meeting that if the New Haven insists in seeking abandonment of its passenger service, "it ought to give up its franchise in favor of somebody else."

De Ciantis, in his resume of activities of the State division, stressed that his group is handicapped by the lack of facilities and indicated he will seek to have placed at his disposal an accountant, statistician, engineer and rates expert. These are necessary, he said, in an investigation of almost all matters involving public utilities.

The utilities division head pointed out how thousands of dollars had been saved consumers in re-

JULY 14, 1938

Expired Date Lottery Slips Raises Tough Legal Point

Is it illegal to possess tickets for a drawing on an already expired date?

This is the question raised before Judge Dunn in the Eighth District Court this morning when Arthur Victor Emanuel Swedberg, 52, of Brookfield Hill, West Warwick, went on trial for possessing lottery tickets.

The arrest was June 10 and the

lottery drawing was June 3, according to the printed slips. State police hinted the slips were "pay-offs" and Michael DeCiantis, attorney for the defence said the expired date removed the element of lottery.

Both sides will file briefs with the court before Thursday of next week, when a new date may be set for the completion of the trial.

Looking Around Capitol Hill

Michael De Ciantis, chief of the State Division of Public Utilities, will continue as president of the New England Association of Public Utilities Commissioners until such time as the association selects the place of its next annual meeting. The head of the division in the State selected for the meeting is association president under its rules. Providence was site for this year's meeting, so De Ciantis was president. The association, at its recent meeting here, held in abeyance the place for the next meeting so he will continue as head of the group until a selection is made.

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en and Young Men
with a rigid arch
truly flexible shoe
will give

Grave, R. I.

STEP
COMFORTABLE
Company
STREET

He pointed out that most all of the companies in Rhode Island are more than anxious to abandon intra-State passenger service, but want to continue freight service because the latter is a paying proposition.

Each official of the State Division of Public Utilities presented an outline of activities of his department's work during the past year. Many of those present expressed amazement at Rhode Island's accomplishments under the present utilities division and of its clear cut program for the future.

President of the South Providence Electric Light and Power Co., was elected president of the Providence Electric Light and Power Co. for the year 1938-39.

Secretary, Ralph C. Eddy, was elected secretary of the Providence Electric Light and Power Co. for the year 1938-39.

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July 7, 1938

PUBLIC UTILITIES FORTNIGHTLY

Rhode Island

Extension Reduction Ordered

A REDUCTION from 75 cents to 63 cents per month on residential telephone extensions was ordered on June 9th by the state division of public utilities in a decision which assailed the financial practices of the New England Telephone and Telegraph Company and its parent organization, the American Telephone and Telegraph Company.

The New England Telephone and Telegraph Company subsequently announced it would fight the order in the courts and an appeal was taken to the state supreme court on June 15th. H. A. Fasick, division manager

of the company, said there were several reasons which, in the judgment of the company's officers, made the order invalid. He said the company's principal contention at the hearing was that its earnings "were not sufficient to permit a reduction of any of its rates." Mr. Fasick stated:

"The commission's answer to this seems to be that the company could reduce its rates if it severed its relations with the American Telephone and Telegraph Company. This would not be to the advantage of telephone users either in service or in rates. The relationship is one of the company's greatest assets."

EDITORIAL

Cranston Herald - July 7, 1938

The disclosures made by the Division of Public Utilities of the State in its decision of June 8th in which the New England Telephone & Telegraph Co. was ordered to reduce the monthly charge on resident telephone extension service from 75 cents to 63 cents come as a surprise to most persons whose telephone bills are a source of continuous worry.

The statements made by representatives of the company that "we cannot operate if we are starved by inadequate revenue," and that it really needed the help of the Division, must have been made with tongue in cheek, because the total amount of the decrease in revenue resulting from the proposed reduction in rates, subsequently ordered, is but \$8,403.36 per year, leaving a net profit, based on the present number of extensions in use, of \$8,433.20, or approximately 15%.

We believe that the average person is quite lacking in sympathy for the telephone company in this particular instance, and it must be admitted by all fair minded persons that the case made by the company was not merely weak but decidedly puerile.

According to the report the New England Company paid to the holding company (American Telephone & Telegraph Co.) \$842,193.96 in interest on a loan; \$1,023,346.70 for services and licenses; \$5,661,123 in dividends, all out of income. In addition, the New England Co. was able to loan other affiliate companies the sum of \$552,771.59.

Although many employees were laid off, the report discloses, salaries of its officers were in many instances increased. None were reduced. They ranged from \$42,450 paid to the president down to \$10,000 paid to the division plant superintendent, and totalled \$333,814.18 for the year 1936, and are said to have been increased to about \$340,000 in 1937.

Unless there are undiscovered factors, the conclusion that the average person draws from this report is that telephone rates are too high, and that the company could easily find ways and means of making a substantial reduction in rates all along the line. A majority of users of business telephones are undoubtedly hoping that further investigations will be made with the result that a complete downward revision of rates will be ordered.

DE CIANTIS STUDIES OLD COLONY CASE

P. J. 7/13/38

To Ask Bay State Officials About Plans to Contest Closing of Stations.

COURT APPEAL PROPOSED

Massachusetts Attorney General Will Seek Stay of Order Until Issues Are Cleared Up

Rhode Island authorities received with interest last night news that Massachusetts was moving to fight a Federal Court order granting the New Haven Railroad the right to abandon 88 stations on the Old Colony division of the railroad.

The same court order authorized the closing of five stations in Rhode Island, all located on the line running from Fall River to Newport. Closing of the stations on July 17 has been ordered by the railroad.

DeCiantis to Act

Michael DeCiantis, chief of the Rhode Island Division of Public Utilities, said last night he planned to get in touch with Massachusetts authorities today to learn details of the action contemplated. He said that in any move which might benefit the Rhode Island communities he would "stand with the Massachusetts people."

Mayor Henry S. Wheeler of Newport said last night he has taken no official action since the decision was announced, but might bring the matter to the attention of the Board of Aldermen at its meeting tomorrow night.

Attorney General Paul A. Dever of Massachusetts said an appeal of the Federal Court order of last Saturday would be made to the Federal Circuit Court of Appeal.

To Seek Stay of Order

A representative of his office planned to appear before Judge Carroll Hincks in Federal Court at New Haven "some time this week" to seek a stay of the order's execution until after "determination of the legal issues involved," the Associated Press reported.

It has been the policy of Rhode Island authorities up to the present time to await the outcome of moves by Massachusetts authorities in their fight against abandonment of stations. The large number of stations involved there and the fact that the Old Colony lines centre in that State

have been factors in determining this policy.

Assistant Attorney General Edward A. Pece of Massachusetts, who has represented that State before Massachusetts Public Utility Commission hearings on the railroad petitions, said last night.

"The Supreme Court in a long line of decisions has repeatedly recognized the power of the States to regulate railroad service within their respective limits.

"It is our purpose, therefore, to have the court of last resort determine, to what extent, if any, the Federal court has the right to supersede the Massachusetts Department of Public Utilities in matters relating to regulation of railroads operated within our Commonwealth."

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RAIL PLEA DENIED ON BRISTOL ROUTE

P. J. 8/4/38
R. I. Supreme Court Refuses
Road Authority to Stop
Passenger Service.

UPHOLDS UTILITY BOARD

Declares, However, Division Has
No Power to Grant New Haven
Right to Discontinue Line

The New Haven railroad and the Providence, Warren & Bristol railroad reached another dead end yesterday in their efforts to abandon Providence-Bristol passenger service. The Rhode Island Supreme Court upheld an order of the State division of public utilities denying the petitioning roads authority to cease carrying passengers between Providence and stations in East Providence and Bristol county.

What new avenues the roads will explore in their effort to escape the passenger burden, carried on, they contend, at constant loss, remained in doubt last night. Howard S. Palmer, president of the New Haven, and a trustee of the two roads during their reorganization under the Federal bankruptcy laws, withheld comment on the Rhode Island decision. It will have to be studied, he said, by William W. Myer, general counsel for the New Haven, before new steps, if any, are decided upon.

Supreme Court Opinion

The Supreme Court, in an opinion written by Justice William W. Moss, said:

"It is our opinion that the powers possessed by the division of public utilities of this State are not broad enough to include the power to grant the petition which is involved in the appeal now before us. We therefore must sustain the order of the division denying and dismissing that petition."

The court's opinion, apparently one of far-reaching implications, provided the latest chapter in the long hard fight over fares and service between the railroads and commuters along the Providence-Bristol line.

The question of the utilities division's power to grant the petition had not been brought up at hearings on the petition which resulted in the division's adverse order. The Attorney General's department raised the question after the order was appealed to the Supreme Court.

Sees Charter Voided

It was the Attorney General's contention that only the General Assembly could excuse the Providence, Warren & Bristol railroad line from carrying out the obligations it accepted under its charter, to provide both passenger and freight service.

Asst. Atty. Gen. John J. Cooney told the road, before the Supreme Court: "If you wish to stop service altogether, you may do it, but you must surrender your charter."

Possibility of an appeal by the roads to the United States Supreme Court, or to the General Assembly for revision of the P. W. & B. charter, were speculated upon here last night.

Continued on Page 15, Column 5

RAIL PLEA DENIED ON BRISTOL ROUTE

Continued from Page One.

Whether the Federal Court at New Haven, which has supervision of the roads' reorganization under the bankruptcy laws, might also be asked by the road to intervene in the situation posed by yesterday's court decision, was a subject for discussion also.

A "State's rights" battle is now brewing between the Federal Court at New Haven and the Massachusetts Public Utilities Commission because of the court's recent order authorizing the New Haven to eliminate a string of stations on its Old Colony division on Cape Cod and elsewhere in Massachusetts.

Test Case Started

The Bay State commission has started a test case to determine the court's rights to regulate rail service in Massachusetts, and has promised to go to the Supreme Court with the fight if necessary.

The Rhode Island court made the point that by reason of disaffirmation of intercorporate leases made possible by the Federal court, the petition could not be treated as it should have been if filed by the New Haven before bankruptcy proceedings were instituted. The intercorporate leases are no longer in full force, the opinion pointed out, and the New Haven, under the circumstances, could not give assurance that rail passenger service being abandoned, it would furnish a satisfactory and substantially equivalent service through its subsidiary the New England Transportation Co.

The petition must therefore be treated, the court found, "as it would be, if it were filed by the P. W. and B. as a separate corporation, operating a passenger and freight service over its lines and by virtue of its charter from the General Assembly of this State."

Avoids Issue of Losses

The court found it unnecessary to rule on whether the P. W. & B. could be compelled to continue to provide passenger service, even at constant loss, so long as its charter remained in force.

The opinion traced the division's heritage of powers, and reviewed the obligations upon the railroad under its charter. The division, the court found, may within reasonable limits permit discontinuance of certain stops or certain stations.

"But authorizing the entire discontinuance of passenger service over all the lines of a railroad corporation is a very different matter," the opinion went on, "when there is a substantial demand for such service, and especially when the furnishing of a substantially equivalent service by the same corporation or by another passenger transportation corporation completely under its control is not assured."

Reviews Charter History

In holding that the petition was not that of the New Haven road, as before its bankruptcy, but was the petition of the P. W. & B. road, operating under a charter granted by the State of Rhode Island, the court reviewed the history of that charter.

The opinion cited as undisputed fact that "the P. W. & B. was chartered by an act of the General Assembly in 1850 and has continued in existence ever since."

"It constructed railroad tracks from the city of Providence through Warren to Bristol and began to operate a railroad service, for passengers and freight, over these tracks in July, 1855," the opinion continued.

"In 1891, all the lines of the P. W. & B. were leased to the Old Colony Railroad Company, hereinafter referred to as the Old Colony, by a written lease, for ninety-five years and nine months, which has continued in force until very recently terminated, as hereinafter stated.

"In 1893, the lines of the Old Colony, including the above lines of the P. W. & B. held under the lease just mentioned, were leased to the New Haven by a lease for 99 years, by which the New Haven assumed the obligation of operating the railroad of the P. W. & B. 'as required by all legal enactments from time to time in force.'"

Cites Change in Route

The opinion said the New Haven continued service between Providence and Bristol until very recently. "The tracks of the P. W. & B. being used, except that for some years all passenger trains, at least, have been operated between East Providence and Providence over tracks which have been controlled by the New Haven system and which pass on its bridge over the Seekonk river and through its tunnel to its central station in Providence."

"On Oct. 23, 1935, the New Haven filed in the district court of the United States for the district of Connecticut a petition for reorganization pursuant to section 77 of chapter VIII of the acts of Congress relating to bankruptcy," the opinion said. The same day, the petition was granted by the court and trustees of the property of the New Haven were appointed Nov. 8, 1935.

"Later, the court authorized the trustees to disaffirm leases to the New Haven," said the opinion. "In accordance with this authorization, the above-mentioned lease from the Old Colony to the New Haven was disaffirmed on June 2, 1935."

Lease Disaffirmed

The Old Colony then filed in the same court a petition for reorganization, and the same persons were appointed as the trustees of the Old Colony. These trustees on Jan. 14, 1937, were granted authority to disaffirm the lease by the P. W. & B.

to the Old Colony, and the lease was accordingly disaffirmed.

Then, on Feb. 13, 1937, the P. W. & B. filed a petition for reorganization, the opinion pointed out, praying that the trustees of the property of the New Haven be authorized and directed to operate the petitioner's property for the account of the petitioner. This petition also was granted.

By reason of the facts stated, the court held that "the P. W. & B. now owns its own trucks and other railroad property which are now free of any lease to or control by any other corporation, though subject to trustees appointed by a Federal court in bankruptcy proceedings," the opinion said. "It also appears to us that these trustees, by authority conferred on them by that court, and under the charter of the P. W. & B., granted by the General Assembly of this State, are now operating the railroad lines and property of the P. W. & B. 'as an integral part of the system of railroads now being administered by the trustees of the property' of the New Haven; but that such operation is for the account of the P. W. & B. The New Haven owns a majority of the common stock of the P. W. & B., which carries voting privileges, but that in our opinion is not a very important element in the problem now under consideration by us, especially as a substantial amount of this stock appears to be owned by members of the general public."

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... EDITORIAL ...

Go Through With It, Mr. DiCiantis!

The recent decision of the State Division of Public Utilities ordering the New England Telephone & Telegraph Co. to reduce its charge for certain telephone extensions is the first of its kind in the East, if not in the entire country, according to Michael A. DiCiantis, Chief of the Division.

The Company representatives have objected to statements contained in the report, not because the figures are incorrect but because they are "irrelevant to the issue," declaring that a great part of the contents of the decision accompanying the order should not have been published. So they have taken an appeal to the State Supreme Court.

Mr. DiCiantis has expressed a desire to make a further investigation of the company, but, he says, "Our division has not a sufficient appropriation to cover the cost."

Assuming that the facts and figures given out by the Division to be correct, and they probably are, since the decision states they were taken from the company's own reports, Mr. DiCiantis is justified in demanding a probe of the company similar to that being conducted by the joint Congressional Executive Monopoly Investigation at Washington, of which Senator Joseph C. O'Mahoney is chairman.

The matter of funds for the probe is not an insurmountable obstacle because the telephone company carries on in each of the six New England states, and we are sufficiently confident of the public spirit and civic consciousness of the several Public Utilities Commissions to believe that if Mr. DiCiantis will issue a call for a New England States conference, the response will be unanimous and favorable.

By pooling resources and apportioning the cost of the probe among the six states, it could be conducted at minimum expense, and without a doubt the General Assembly, at its session next January can be induced to authorize further investigation, and later include the necessary funds in the appropriation bill.

We look forward to the continued activity of the Division to insure to the public reasonable rates and proper treatment in its dealings with all utilities.

J. R. D.

DE CIANTIS OFFERS NEW HAVEN PLAN

Would Have Railroad Yield
Franchises on Branch
Lines to Others.

Sunday Journal 7/24/
WANTS SERVICE IN R. I.

Bay State Legislature Finally
Passes Measure to Probe
Affairs of Carrier

A proposal that the New Haven railroad yield its franchises to "other interests" on all Rhode Island branch lines where it plans to abandon passenger service while maintaining a freight service was made yesterday by Michael DeCiantis, chief of the State Division of Public Utilities. Mr. DeCiantis said he felt the New Haven should "let someone else handle the lines."

Although Mr. DeCiantis said yesterday that he would confer with railroad officials on his plan, and on plans to keep open the Newport-Boston line, one of the lines affected by a recent Federal District Court order directing the railroad to abandon 88 Massachusetts stations, Howard S. Palmer, president of the New Haven, in a telephone interview last night, said at his New Haven home that he had not heard of Mr. DeCiantis's proposal.

"I wouldn't care to comment on his plan until I have had an opportunity to hear of it in detail," said Mr. Palmer.

Meanwhile, the court order brought a quick retaliation from the Massachusetts Legislature which ordered an investigation of the road and its subsidiaries.

"Judge Carroll C. Hincks (who issued the court order in New Haven) had somewhat the same idea in mind," Mr. DeCiantis said, "when he spoke of the Massachusetts situation and suggested the remote possibility that the State might take over the branch lines. It seems to me that the New Haven's refusal to continue passenger service in this State on some of the branch lines means they should give up their franchises and give somebody else an opportunity to operate a full service line."

RAIL FARE JUMP DECISION DELAYED

P. I. 7/25/38

De Ciantis Postpones Action
for 24 Hours on Plea for
R. I. Increase.

Chief Michael DeCiantis of the State Division of Public Utilities today postponed for 24 hours his decision on the New Haven railroad's petition for approval of a half-cent-a-mile increase in passenger fares on runs within the State.

Interstate rates, over which the division has no authority, were boosted today, as scheduled, from two to two and one-half cents a mile today. The rate jumps, permissive and not mandatory, were approved recently by the Interstate Commerce Commission and passenger agents of the Eastern railroads set today as the date for increasing the fares.

All States except Rhode Island, through which the New Haven runs have approved the increases.

To Issue Statement

After conferring for more than an hour this morning with officials of the railroad, Mr. DeCiantis said: "I have temporarily withheld approval to satisfy myself that to give approval is the right thing to do. I will render a decision tomorrow morning and accompany it with a statement explaining my views in detail."

The railroad presented its position in favor of the increase through J. P. Thorndike, general passenger agent in Providence and Eugene J. McElroy, counsel for the road, during the conference with Mr. DeCiantis.

Affected by the I. C. C. ruling were New England, the Middle Atlantic States east of Chicago and St. Louis, the inland section north of the Ohio and the Potomac rivers and parts of Virginia and West Virginia. The chief lines in the areas are the New York Central, the New Haven, the Erie, the Pennsylvania, Baltimore & Ohio, and the Delaware, Lackawanna and Western.

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RAIL FARE RAISE GETS 'RELUCTANT' APPROVAL IN R. I.

E. B. July 26, 1938
DeCiantis, in Opinion, Predicts
Eventual Move to Drop
Passenger Service.

YIELDS TO I.C.C. RULING

Maine Commission Refuses to
Permit Half-Cent a
Mile Increase.

The State Division of Public Utilities "reluctantly and regretfully" today approved a one-half cent per mile increase in fares within the State on the New York, New Haven and Hartford Railroad, scheduled to become effective yesterday morning.

Predicts Further Move

In rendering the decision, Michael DeCiantis, chief of the division, prophesied that sooner or later the railroad would be petitioning the division to eliminate all its passenger service in Rhode Island and base its claim that the revenue from it was insufficient to warrant operation.

Mr. De Ciantis said the only reason the division gave its approval to the increase was because the Interstate Commerce Commission had recommended that all State authorities give their approval.

A directly opposite position to that taken by the Rhode Island Commission was taken today by the Maine Public Utilities Commission, which rejected the request of the Boston and Maine, the Maine Central and the Canadian National railroads for authority to increase their intra-State rates from two to two and one-half cents per mile, the Associated Press reported.

Under this rejection, a passenger going from Boston to Bangor inter-State could travel at the higher rate until he reached Portland, where he could buy a new ticket at the lower rate to continue to Bangor.

In announcing its rejection, Commission Chairman Frank E. Southard of Maine said the commission "at present had no information justifying the proposed increase." The railroads have asked for a public hearing, which Southard said would be held later.

The decision pointed out several instances in which increases in passenger train fares had resulted in decreased revenue for the railroads.

In 1920, the decision said, fares were increased from three to 3.6 cents a mile and yet at the end of 1921 revenue had decreased more than a million dollars. There was a still further decrease of a million dollars in 1922.

The text of the Division's opinion is as follows:

Text of Opinion

"On July 5, 1938, the Interstate Commerce Commission issued a supplemental order permitting the rail-

Continued on Page 5, Col. 3.

De Ciantis

[Cont]

D. CIANTIS

Continued

roads in the eastern district and the Pocahontas region to increase interstate passenger coach fares from 2c to 2½c. In its order it recommended that the state authorities permit the increase of fares in the intrastate operation of passenger coaches, to become effective simultaneously with the interstate fares.

The New York, New Haven and Hartford Railroad Company is within the eastern district. It now seeks this division to approve the increase in fares on intrastate passenger coaches. We have been advised by the agents of the Railroad Company that the new rates have been approved and went into effect on July 25, 1938, in all states where it and its subsidiaries operate, with the exception of the State of Rhode Island, where the old fares are still in effect.

Calls Attention to Facts

"Before approving or disapproving the new rates this Division deems it its duty to call to the attention of the citizens of the State and to the public utility concerned certain existing facts which are contained in the reports which have been filed with this Division and to certain facts which are contained in decisions of the Interstate Commerce Commission which are pertinent to the question under consideration.

"It is of most importance at this time to review a few historical events which have taken place within a period of 18 years concerning the increases and reductions in fares on passenger coaches. It will be noted from the facts that will be disclosed that a very serious question arises as to the advisability of The New York, New Haven and Hartford Railroad Company to increase its fares at this time.

"We turn to a record which has been submitted to us, and from it we note that in August, 1920, the Interstate Commerce Commission authorized an increase in passenger fares from three cents to 3.6 cents in both coaches and pullman with a surcharge on pullmans which we need not consider in this discussion. It is assumed by this Division that arguments were made before the Commission that by authorizing the increase, the revenue on this type of service would be greater. We search the records to see if this argument was substantiated by the incoming revenue the following year.

Reports on Revenue

"The report for the year ending December, 1919, does not disclose the revenue on passenger service, but in the reports for all succeeding years such revenues appear. In the report filed for the year ending December, 1920, there appears a revenue for passenger service of \$52,270,794.01. We are unable to say whether this was an increase over the preceding year for the reason already stated. We assume that there was an increase. We proceed to examine the mass of figures in the report for the year ending December, 1921, and find that the revenue was \$50,934,293.62; this discloses that there was \$1,336,500.39 less in revenue on passenger service in one year. We discover that in 1922 there was a decrease in revenue from the preceding year of \$1,716,498.25, and from then on we find a general decrease in said revenue.

"1923 was the peak year in passenger fare revenue; from that year until 1929 there was a continual decrease from about a fifty-one million

dollar revenue in 1923 to a forty-six million dollar revenue in 1929. It is worthy of note at this time that these decreases occurred during what was termed in this country as the 'era of prosperity.' We are of the opinion that the decrease cannot be wholly attributable to the use of the automobile, but a great part to the increased fare. We have made a point of this because as we review the recent history of passenger fare revenues it will be shown that in the year when the fare was reduced, the revenue did not decrease but increased. Let us then proceed to the years from 1929 on. The revenue kept decreasing. In 1930 from a revenue of approximately \$42,000,000 for that year, the revenue decreased to approximately \$22,000,000 in 1935.

"The next step which follows is an investigation on the part of the Interstate Commerce Commission into the

an increase over the preceding year, for in this year the revenue was \$26,192,165.00, an increase of \$1,196,064.00 over the preceding year and an increase of \$4,083,359.00 over the year 1935.

"It is a fact then that reduced fares increase revenue. This fact is not only substantiated by the reports filed with this Division by The New York, New Haven and Hartford Railroad Company, but also by the Interstate Commerce Commission which stated in the case cited above that with the basic fare of 3.6c per mile with the Pullman surcharge, the passenger traffic by rail did not freely move in the eastern district where that fare was still maintained. It then proceeded to say that in the southern and western districts and on the Norfolk and west where the reductions had been made, the passenger traffic by rail was freely moving and it went on further to say that with the experiments in the southern and western districts and on the Norfolk and west it was convinced that a reduction of fares was a remedy of the respondents in the eastern district.

Article Is Cited

"In addition to the decision we note from an article appearing in the Providence Journal on July 22, 1938 that the Chairman of the Western Association of Railway Executives stated that it was 'inadvisable to make any upward adjustment in passenger fares.'

"The increase in passenger fares will affect the intrastate fares in Rhode Island as follows. This is not a complete schedule, but covers only a few points. It will be noted that in the southern district of Rhode Island the increase is from 3c to 2½c and in the northern end, it is from 2c to 8c.

	Now in Effect	New Fares
Providence in East Greenwich	30c	33c
Providence to Wickford Junction	40c	49c
Providence to Kingston	55c	70c
Providence to Kenyon	65c	79c
Providence to Shannock	85c	79c
Providence to Westerly	90c	\$1.11
Providence to Pawtucket	10c	12c
Providence to Valley Falls	12c	12c
Providence to Lonsdale	15c	20c
Providence to Berkeley	20c	24c
Providence to Ashton	20c	24c
Providence to Albion	25c	29c
Providence to Manville	25c	33c
Providence to Woonsocket	35c	41c

Refers to Lack of Riders

"It has been continuously and consistently contended by the railroad company that the lack of riders on

fares charged on this type of passenger service. (See ICC Report 214, p. 174). A decision on this question was rendered February 28, 1936. It was referred to by the Commission as the first "comprehensive investigation made by us of the passenger fare structure of the country." It will be observed that passenger service has decreased each consecutive year, and yet, at the hearing supra the Commission reduced the fares from 3.6c to 2c.

Increased Revenue

"We proceed now to examine the record and see what happened to the revenue when the lower fare went into effect in June, 1936. The passenger revenue was increased from \$22,108,806.00 to \$24,996,101.00, an increase of approximately \$2,887,295.00. We continue to examine the record for the year 1937 and again there is

trains is due primarily to the private use of automobiles and the competition of the busses. This has been given as a reason for having discontinued the passenger service in this State and has been used as an argument to increase the fares, before the Interstate Commerce Commission.

"This division is of the opinion that an increase in the fares will not attract those passengers, who now use the private automobile or the bus, to ride on the New Haven railroad, but by the increase of fares it will also hinder the return of those people who, before the advent of the automobile, used the trains.

"Intrastate passenger service in this State is practically extinct, save that which we have listed in this decision and that on the Providence, Warren and Bristol line. Newport is out in the cold. The Willimantic line is a thing of the past, and yet, it is the most important branch line owned by the New York, New Haven and Hartford Railroad Company.

"This Division is also of the opinion that if the increased fares are charged, the decrease in the number of riders will be such that sooner or later this Division will be faced with a petition from the Railroad Company requesting that whatever little passenger service there is in this State be discontinued and the primary reason that will be given for it will be that the revenue is insufficient to operate that service.

"In the fact of the foregoing facts the Division is very reluctant and regretful to approve any increase in fares, but since the Interstate Commerce Commission has recommended that the State authorities approve such an increase, whatever doubts there are in our minds as to the ad-

visability of an increase in rates must be set aside, and the recommendation of the Federal body adopted.

STATE APPROVES RAIL FARE RAISE

P. J. 7/27/38

DeCiantis Is "Reluctant and Regretful" to Allow Intrastate Increases.

SAYS TRAFFIC WILL DROP

Declares Statistics Prove Higher Rates Result in Loss to Railroads

The State Division of Public Utilities issued an order yesterday in which it gave permission for the New Haven Railroad to increase its intrastate fares within Rhode Island in keeping with the recent order of the Interstate Commerce Commission which jumped Eastern railroad coach fares from 2 to 2½ cents a mile.

Michael DeCiantis, chief of the division, said in his decision the division was "reluctant and regretful" to take the step but was doing so in line with a request made of State public utilities groups by the I. C. C.

Mr. DeCiantis devoted a large portion of his opinion to the contention that the increased fares would result in decreased passenger revenues.

"This division is of the opinion," he said, "that an increase in the fares will not attract those passengers, who now use the private automobile or the bus, to ride on the New Haven Railroad, but * * * the increase of fares * * * will also hinder the return of those people who, before the advent of the automobile, used the trains."

Following a quoting of statistics from 1920 onward to show decreased passenger revenues following an increase in fares from 3 to 3.6 cents per mile and a rise after 1936 when the rate dropped to 2 cents, the opinion stated:

"It is a fact then that reduced fares increase revenues. This fact is not only substantiated by the reports filed with this division by the New

Continued on Page 10, Column 4

Providence to Ashton	20c	24c
Providence to Albion	25c	29c
Providence to Manville	25c	33c
Providence to Woonsocket	35c	41c

D. CIANTIS

Continued

roads in the eastern district and the Pocahontas region to increase interstate passenger coach fares from 2c to 2½c. In its order it recommended that the state authorities permit the increase of fares in the intrastate operation of passenger coaches, to become effective simultaneously with the interstate fares.

"The New York, New Haven and Hartford Railroad Company is within the eastern district. It now seeks this division to approve the increase in fares on intrastate passenger coaches. We have been advised by the agents of the Railroad Company that the new rates have been approved and went into effect on July 25, 1938, in all states where it and its subsidiaries operate, with the exception of the State of Rhode Island, where the old fares are still in effect.

Calls Attention to Facts

"Before approving or disapproving the new rates this Division deems it its duty to call to the attention of the citizens of the State and to the public utility concerned certain existing facts which are contained in the reports which have been filed with this Division and to certain facts which are contained in decisions of the Interstate Commerce Commission which are pertinent to the question under consideration.

"It is of most importance a this time to review a few historical events which have taken place within a period of 18 years concerning the increases and reductions in fares on passenger coaches. It will be noted from the facts that will be disclosed that a very serious question arises as to the advisability of The New York, New Haven and Hartford Railroad Company to increase its fares at this time.

"We turn to a record which has been submitted to us, and from it we note that in August, 1920, the Interstate Commerce Commission authorized an increase in passenger fares from three cents to 3.6 cents in both coaches and pullman with a surcharge on pullmans which we need not consider in this discussion. It is assumed by this Division that arguments were made before the Commission that by authorizing the increase, the revenue on this type of service would be greater. We search the records to see if this argument was substantiated by the incoming revenue the following year.

Reports on Revenue

"The report for the year ending December, 1919, does not disclose the revenue on passenger service, but in the reports for all succeeding years such revenues appear. In the report filed for the year ending December, 1920, there appears a revenue for passenger service of \$52,270,794.01. We are unable to say whether this was an increase over the preceding year for the reason already stated. We assume that there was an increase. We proceed to examine the mass of figures in the report for the year ending December, 1921, and find that the revenue was \$50,934,293.62; this discloses that there was \$1,336,500.39 less in revenue on passenger service in one year. We discover that in 1922 there was a decrease in revenue from the preceding year of \$1,716,498.25, and from then on we find a general decrease in said revenue.

"1923 was the peak year in passenger fare revenue; from that year until 1929 there was a continual decrease from about a fifty-one million

dollar revenue in 1923 to a forty-six million dollar revenue in 1929. It is worthy of note at this time that these decreases occurred during what was termed in this country as the 'era of prosperity.' We are of the opinion that the decrease cannot be wholly attributable to the use of the automobile, but a great part to the increased fare. We have made a point of this because as we review the recent history of passenger fare revenues it will be shown that in the year when the fare was reduced, the revenue did not decrease but increased. Let us then proceed to the years from 1929 on. The revenue kept decreasing. In 1930 from a revenue of approximately \$42,000,000 for that year, the revenue decreased to approximately \$22,000,000 in 1935.

"The next step which follows is an investigation on the part of the Interstate Commerce Commission into the

an increase over the preceding year, for in this year the revenue was \$26,192,165.00, an increase of \$1,196,064.00 over the preceding year and an increase of \$4,083,359.00 over the year 1935.

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"The increase in passenger fares will affect the intrastate fares in Rhode Island as follows. This is not a complete schedule, but covers only a few points; it will be noted that in the southern district of Rhode Island the increase is from 3c to 21c and in the northern end, it is from 2c to 8c.

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"Intrastate passenger service in this State is practically extinct, save that which we have listed in this decision and that on the Providence, Warren and Bristol line. Newport is out in the cold. The Willimantic line is a thing of the past, and yet, it is the most important branch line owned by the New York, New Haven and Hartford Railroad Company.

"This Division is also of the opinion that if the increased fares are charged, the decrease in the number of riders will be such that sooner or later this Division will be faced with a petition from the Railroad Company requesting that whatever little passenger service there is in this State be discontinued and the primary reason that will be given for it will be that the revenue is insufficient to operate that service.

"In the fact of the foregoing facts the Division is very reluctant and regretful to approve any increase in fares, but since the Interstate Commerce Commission has recommended that the State authorities approve such an increase, whatever doubts there are in our minds as to the ad-

visability of an increase in rates must be set aside, and the recommendation of the Federal body adopted.

RAIL FARE RAISE

Continued from Page One.

Haven Railroad but also by the Interstate Commerce Commission ..."

Forecasts Service

Mr. DeCiantis, forecasting the future of passenger train service in the State said:

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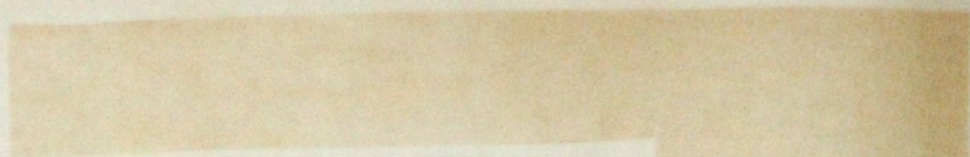
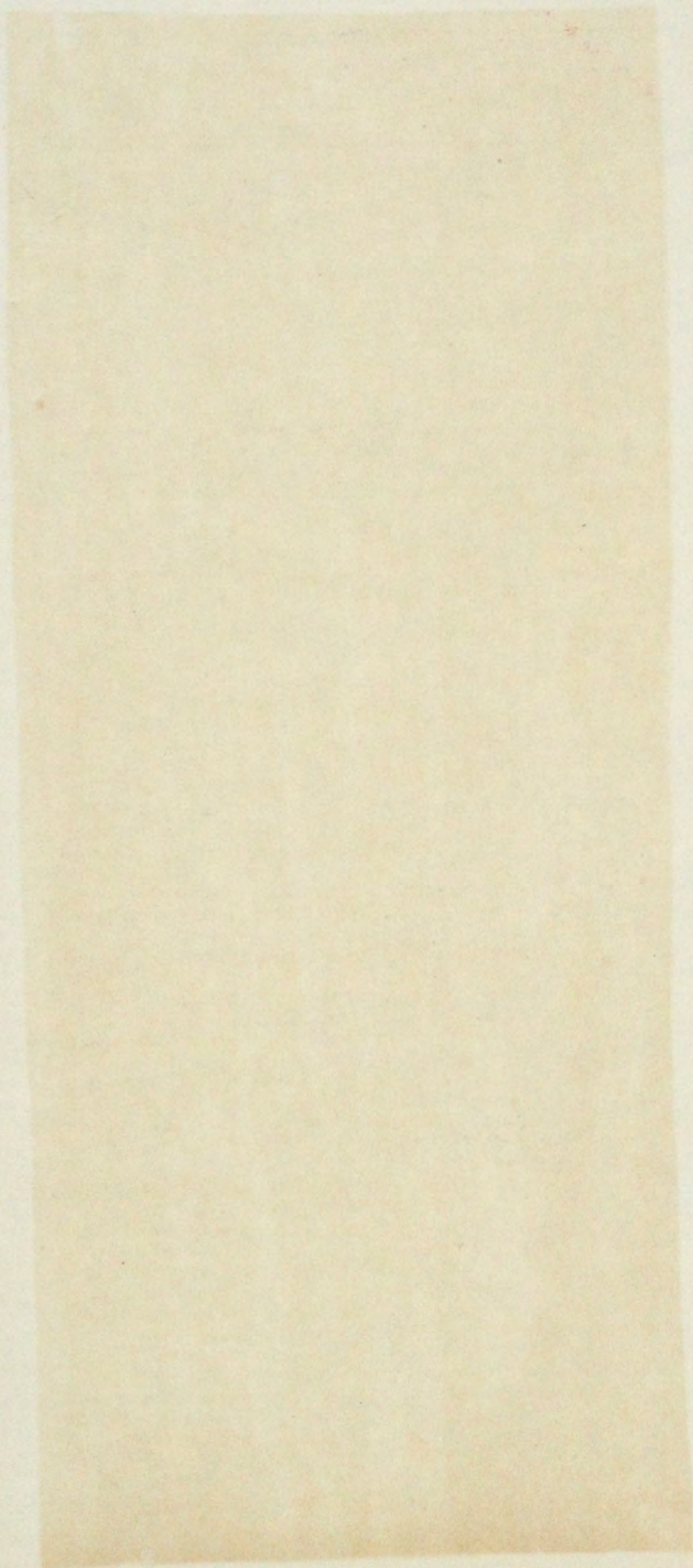
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"In the face of the foregoing facts the Division is very reluctant and regretful to approve any increase in fares, but since the Interstate Commerce Commission has recommended that the State authorities approve such an increase, whatever doubts there are in our minds as to the advisability of an increase in rates must be set aside, and the recommendation of the Federal body adopted."

The Main Public Utilities Commission declined yesterday to permit an increase in intrastate rates. Chairman Frank E. Southard said the commission had no information justifying the increase.

Sample rates given in Rhode Island by the Division follow:

	Now In Effect	New Fares
Providence to East Greenwich	30c	33c
Providence to Wickford Junction	40c	49c
Providence to Kingston	55c	70c
Providence to Kenyon	65c	79c
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RAILWAY OFFICERS ASKED TO HEARING

P. J. 8/3/38

DeCiantis Calls on New Haven
Chiefs to Discuss Williman-
tic Line Question.

RESTORATION IS PROPOSED

Public Utilities Division Director
Believes Renewal Would Serve
Public Best

Michael DeCiantis, chief of the State Division of Public Utilities, yesterday asked officials of the New Haven railroad to appear before the division to show cause why train service should not be restored on the Providence-Willimantic branch line between Providence and Washington.

Mr. DeCiantis said he believed that the interest of the public would be best served by restoration of the train service which was supplanted by buses on the line June 1, 1933.

At a hearing before the Public Utilities Commission in 1932, the New Haven officials showed that its passenger revenue between Providence and Washington had dropped from \$19,447.97 in 1928 to \$6,514.49 in 1932 and that it faced a loss of \$7000 in 1933 if passenger service was con-

tinued. The road showed that during July and August in 1932 the average number of passengers per trip ranged from 6 to 17.

The company at that time stated its readiness to restore rail service

"at any time the commission should deem the bus service not reasonably adequate or satisfactory."

The road officials were asked to appear at 10 a. m. on Aug. 11.

EDITORIAL

Are we paying too much for telephone service?

"This country is entitled in good times and bad to the best telephone service at the **lowest possible cost**. The success of the American Telephone and Telegraph Co. and its associated companies must be measured by that standard."

This statement was made by Walter S. Gifford, president of the American Telephone and Telegraph Co. and inserted as a prologue to the Annual Report of the company for the year 1937.

The colossal task of deciding whether the rates of the telephone company are the **lowest possible**, may be appreciated when it is shown that the American Telephone and Telegraph Co. controls, directly or indirectly, some 130 associated companies by outright purchase of property, stock or controlling interest.

The New England Telephone and Telegraph Co., whose stock is 65.31% owned by the American T & T Co., operates the business formerly carried on by the Southern Mass. Telephone Co. and the New England T & T Co. of Massachusetts.

It absorbed the Providence Telephone Co. by merger in 1921, and has taken over the property and operations of the Maine T. & T. Co., Franklin County Telephone Co., Coos Telephone Co., White Mountains T. & T. Co., Citizens Telephone Co., Carroll County Telephone Co., Central New Hampshire Telephone Co., Aroostock T. & T. Co., Windham County Telephone Co., Orange County Telephone Co., Central Telephone Co. and Northern Telephone Co. It also controls the Westerly Automatic Telephone Co. and the Western New England Telephone Co.

The list of the various telephone and other companies which are controlled or owned outright by the American T. & T. Co. is so long that one wonders whether the company has a permanent amalgamating department working night and day.

The Rhode Island Public Utilities Division is of the opinion that "if the N. E. T. & T. Co. emancipated itself from the clutches of the American T. & T. Co. it could reduce its operating costs materially and would be able to retain its employees at work, benefit its stockholders and **reduce its rates.**"

The division also states that "a holding company is a menace to a community." The N. E. T. & T. Co. itself is a holding company insofar as it has absorbed the various independent corporations in New England and has an absolute monopoly in its field.

If the Division is able to carry through its plan for an investigation it is possible that it may recommend the breaking up of the holding company set-up which is the cause of the monopoly enjoyed by the New England Co. in this section. Whether such action is wise, may be questionable, but according to the statement of the Public Utilities Division there is no doubt about the advisability of divorcing the New England Co. from the American Co.

The public is primarily interested in the rates it pays for telephone service. There is one method of ascertaining whether it is receiving 'the best possible telephone service at the lowest possible cost' and that is to have a **COMPLETE AND THOROUGH INVESTIGATION** of the affairs of the New England T. & T. Co. and to unscramble, on paper at least, some of the intricate and confusing hand holding so that a clear picture of the situation may be obtained.

J. R. D.

ATTORNEYS TO CONFER

Judge Charles A. Walsh of the Superior Court will meet all attorneys representing parties in the Newport water appraisal hearing on Saturday morning in his chambers, it was announced yesterday. The announcement followed a brief conference between Judge Walsh and two officials connected with the water hearing.

Political Contributions

United States Attorney J. Howard McGrath has announced that he will not seek to obtain new Federal indictments on the Narragansett race-track political contributions exposed last fall. The old indictments were held invalid because of procedural defects before the Grand Jury,—defects, that is to say, which are curable in new proceedings.

But Mr. McGrath now goes beyond any mere procedural defects and says that he will not seek new indictments for the reason that the Federal Corrupt Practices Act (as he now thinks—and contrary to what he thought in November, 1937) does not cover these contributions and that the State political committee which received these moneys and its officers are exempt from prosecution under the act. To back up this conclusion he gives out a long letter that he has written on the subject to Washington and a copy of Washington's faintly-phrased, very faintly-phrased, reply, in which Washington will only say that it is "inclined to agree" with Mr. McGrath.

Well, let's look at the record—the common-sense layman's points and the lawyers' points as well:

(1) The first is a layman's point. Why, if the Federal Corrupt Practices Act doesn't cover these contributions today, did it cover them when Mr. McGrath put them up to that hard-working Grand Jury last November? The law is the same today as it was then. There have been no new judicial decisions construing the law in the meantime. It's only Mr. McGrath who has changed.

(2) And the second point is a layman's point too. Why, if all those proceedings last November were no good and should never have been brought, did the United States Attorney waste so much time and money and detailed preparation on the securing of those indictments? The inconsistency between last November and the present time is an awfully big inconsistency.

(3) The third point is a lawyers' point, and we haven't space to expand it in detail here. The Act is not clear. That is true. But Mr. McGrath in his letter to Washington, trying to prove that State political committees are exempt, does not mention the strongest argument for holding that State political committees are inside the criminal part of the statute. The argument is this: the State political committees are outside the act when it comes to filing reports with the clerk of the House of Representatives or keeping lists of contributions, etc. And the definitions intentionally put them outside. But the criminal part of the statute antedated these definitions, and these definitions had to be phrased, and were phrased, in such a way that State political committees remained outside of the administrative sections of the act but inside the criminal section. Mr. McGrath hasn't even tried to answer that argument.

(4) And the fourth point is a combination layman's and lawyers' point. If there is some reasonable doubt about what a law means (and Mr. McGrath's proceedings in November, 1937, show there certainly is), should a District Attorney suddenly begin arguing the case for the accused and refuse to let the Court pass on the matter? That is what Mr. McGrath is doing here.

From the course of these cases, the inference might be drawn that Mr. McGrath had Judge Mahoney's approval in his course of action. That is absolutely not true. Mr. McGrath has taken two distinct steps—he has

not propped the original indictments because of technical procedural defects in them found by Judge Mahoney. And he has, as a second step, decided not to seek new indictments but to drop the cases altogether. It is the second step which is of importance. The first step was based upon a technical imperfection in Mr. McGrath's work. The second step alone involved the decision not to prosecute.

Judge Mahoney said only that he had no objection to Mr. McGrath's first step. He was not involved directly or indirectly with Mr. McGrath's decision not to prosecute the cases further and expressed no opinion whatsoever upon that problem. Mr. McGrath could have taken his first step of yesterday without even consulting Judge Mahoney as the Judge pointed out to him. But he chose to go before Judge Mahoney, and many persons appear to have drawn the inference from that action that he had obtained Judge Mahoney's approval of his decision to drop these cases. That is absolutely not true.

All in all, the United States Attorney has a lot to explain. Undoubtedly no one knows that better than himself. And the worst part of his change of front is that the gates are now thrown open wide. The race track may now use its money, if it wants to, for campaign contributions to the State committees of the two political parties, without fear of prosecution and without fear of detection. It is the protection of Rhode Island's political life from race track pollution that is the issue here and Mr. McGrath, at the least, has chosen a negative course when a positive one was open to him had his purpose been to do everything within his power to keep Rhode Island clean.

DE CIANTIS DENIES BUS FIRM'S PLEA

Chief Michael De Ciantis of the State Division of Public Utilities today denied the petition of Milton Schoenberg, doing business as I. C. T. Bus Co., for permission for an alternate route over Exchange terrace with a stop at Union Station.

De Ciantis said to grant the petition would be invading the property rights of the New Haven railroad.

The division chief made this observation: "The Legislature has clothed the division with the power to make regulations and orders which protect the public from unjust, unreasonable, preferential and discriminatory practices by any public utility. The division is jealous of its jurisdiction. It refuses to relinquish any of its powers that it has over transportation, heat, light, water, power, telephone and telegraph service because the people of this State may seek redress through this department, if any of their rights are invaded by any public utility. Their interests are paramount. But, we cannot take an arbitrary position, and without due regard to the property rights of others, ruthlessly adopt and formulate regulations, which deprive a person of the enjoyment of his property."

Globe - 9/9/38

DE CIANTIS LEAVES; SILENT ON U. E. R.

Michael DeCiantis, Chief of the State Division of Public Utilities, left for New Orleans today without revealing the outcome of his day-before-election order to officials of the U. E. R. to submit before Thursday, Nov. 10, a report on the advisability of establishing a five-cent fare on the Providence lines of the company.

DeCiantis will attend the annual convention of the National Association of Public Utilities Commissioners. On Monday, with his pre-election summons, he disclosed he had been waiting for the five-cent fare report for three months and said that if it was not forthcoming he would order a public hearing at which the trolley company would be called upon to show cause why it should not reduce its fares from eight cents to five.

U. E. R. officials would not comment on the situation today. Reached at his home this morning President Alonzo R. Williams said, "Mr. DeCiantis is on his way to New Orleans and I am at home. There's nothing that I want to say."

Mr. DeCiantis also has not made public the result of a survey of electric utilities rates made by Frederick H. Young and given to the Division Chief a month ago.

11/12/38

SAYS ROAD MUST RUN BRISTOL LINE

De Ciantis Declares Service
on Branch Required.—Seeks
Bus Fare Cut.

The New York, New Haven and Hartford Railroad "must restore service on its Bristol line, Michael DeCiantis, chief of the State Division of Public Utilities, declared today.

Mr. DeCiantis made this statement in answer to a question after he had announced that he had requested the railroad to reduce the fares on the busses of the New England Transportation Company between Providence and Bristol.

The railroad line to Bristol was badly damaged during the recent hurricane and the line at present is completely without service. Its commuters have been forced to resort to the busses.

Confers with Counsel

Mr. DeCiantis said that he conferred with Eugene J. McElroy and William E. Boyle of counsel for the railroad this morning on the possibility of restoring service on the line as soon as possible. He said the attorneys told him that surveys and studies were now being made with a view to restoring service.

"Does this mean that service is going to be restored on the line?" Mr. DeCiantis was asked.

"If they don't restore service, I will make them," he replied.

Explains Fare Request

Explaining his stand on the request for a reduction in bus fares, Mr. DeCiantis said that the zone fares on the busses were higher than those on the railroad and he felt that inasmuch as the railroad commuters were forced to use the busses they should not be penalized.

"I expect the railroad to give these commuters the same treatment as regards fares as they would receive by riding on the train," he said. He declared the railroad officials had promised him they would take the matter up with trustees of the railroad and give him an answer on Nov. 5.

De Ciantis Confers Today on Bristol Line Service

State Utilities Chief Also Seeks Early Meeting
With Bus Company Officials on
Schedule Increase

Conferences with the New Haven Railroad and bus company officials were being arranged today by Michael DeCiantis, chief of the State Division of Public Utilities, in an effort to aid commuters between Bristol County and Providence.

Since the hurricane washed away part of the line of the Bristol Branch of the New Haven road, the commuters have been forced to travel by bus. They have submitted several petitions to Mr. DeCiantis, asking for improved service.

Seek Schedule Increase

Mr. DeCiantis said he would confer with Eugene J. McElroy, counsel for the railroad, this afternoon and would confer with Short Line officials in the immediate future in an effort to provide additional transportation facilities for the commuters.

"First I want to discuss the general matter of resumption of service on the Bristol rail line," Mr. DeCiantis said. "I previously asked the railroad for a report on its plans regarding resumption of service on the line and I want to discuss this with Mr. McElroy.

"In addition, I want to take up the matter of resumption of freight transportation between Barrington and Providence, this section of the line still being intact. I would like the New England Transportation

Company, the bus subsidiary of the railroad, to increase its schedules.

Hopes to Avoid Hearing

"I intend to ask the Short Line officials to arrange stops on County road between Federal road and the Wampanoag Trail, and to discuss with both companies some means of providing service for residents of the northern section of Hampden Meadows, where transportation has been crippled since the hurricane destroyed the bridge on Massasoit avenue near the White Church."

"I have purposely not called a public hearing on these matters," said Mr. DeCiantis, "as a hearing would necessitate a long-drawn-out procedure which I want to avoid if possible. If no agreement can be reached with the railroad officials, it will, of course, be necessary for me to call a public hearing."

DECIANTIS ARRANGES NEW BUS SERVICE Journal - Dec. 2, 1938 Company Agrees to Put More Vehicles on Bristol Run

Michael DeCiantis, chief of the State Division of Public Utilities, announced yesterday that the New England Transportation Co. will assign nine 40-passenger busses to the Providence-Bristol run, and fit an additional express into the rush hour schedule between 4:45 and 5:45 p. m.

Mr. DeCiantis conferred yesterday with officials of the bus line and its parent, the New Haven Railroad. Express busses will be rerouted via Wampanoag Trail, he said, instead of going through Riverside and Bay Spring.

Reduction of the Providence-Bristol fare, and restoration of service to Hampden Meadows also are to be considered.

A conference was arranged for Dec. 9 on the problem of restoring rail service on the New Haven's hurricane-struck Bristol branch, Mr. DeCiantis said.

CARRIER DECISION WIDENS CONTROL

P. J. Dec. 6, 1938
DiCiantis Says State Now Has
Open Road for Better Laws
on Trucking Business.

A United States Supreme Court decision yesterday that interstate carriers can be compelled to obtain State certificates of convenience and necessity opens the door to stringent legislation in Rhode Island, Michael A. DiCiantis, chief of the State Division of Public Utilities, said last night.

The decision was reached, according to the International News Service, on the appeal of A. E. McDonald, operating over Texas highways exclusively in interstate commerce. His driver was arrested because he had not obtained a permit from the Texas Railroad Commission.

In this State, Mr. DiCiantis said, the motor vehicle law regulating common, contract and interstate trucking does not require certificates of public convenience and necessity. But a law requiring such certificates could be enacted under the Supreme Court's decision, he pointed out.

Under such a law, he explained, a trucking concern doing interstate business could be required to show that its business was a matter of public necessity and that the public interest demanded that it be allowed to continue. Under the present Rhode Island law, he said, truck operators are simply required to show that they are financially responsible and can pay for any injuries to Rhode Island people or any damage to the property of Rhode Island citizens which they carry.

"As a matter of course," Mr. DiCiantis pointed out, "we issue permits and plates to those doing interstate business if they comply with our law and show they can afford protection to the people of the State and to those whose property they carry. We have no power to inquire into the matter of public convenience and necessity."

To illustrate the scope of the present law, Mr. DiCiantis cited Article Six of Section One of the act, which provides: "To aid in promoting the safety of travel upon the highways of the State and in providing for the adequate protection and supervision of the use of such highways, any person operating in interstate commerce who shall engage in the transportation of property by motor vehicle for hire shall apply to the commission for a permit. The commission is authorized to make reasonable rules and regulations with respect to such operations within this State."

FARE CUT "IMPOSSIBLE" Journal - Nov. 26, '38 U. E. R. Manager Cites Loss in Hurricane to DeCiantis.

Alonzo R. Williams, general manager of the United Electric Railways Company, reported yesterday to Michael DeCiantis, chief of the State Division of Public Utilities, that a fare reduction from eight cents to five is "impossible" at this time.

Mr. Williams cited the heavy expenses incurred during the hurricane and the loss of revenue at the same time as reasons for the company's inability to lower its fares.

Mr. DeCiantis said he believes the citizens of Providence are "entitled" to a fare reduction, but that he does not want to "work any hardship" upon companies hard hit by the September storm. He said he would defer action until the U. E. R. submits its annual report to the State division early next year at which time an accurate picture of the company's financial status and its losses due to the hurricane will be available.

BRISTOL IN FIGHT FOR RAILWAY LINE

Council Seeks to Save Freight Service, Fears Loss of Some Industries.

CONFERENCE IS PLANNED
P. J. Dec. 8, 1938

Town Solicitor to Meet with Group from Other Parts of County in Effort to Keep Road

Fearful of losing some of its industries unless freight service is resumed by the Providence, Warren and Bristol branch of the New Haven Railroad, the Bristol Town Council last night directed Town Solicitor Joseph A. Hammill to confer with representatives of other Bristol County towns in an effort to save the service, even at the cost of sacrificing passenger service on the line.

"It looks as though passenger service is definitely out," Hammill told the Council.

The town solicitor said he had learned directly from Chief Michael DeCiantis of the State Division of Public Utilities that the railroad would prefer to lose its franchise rather than be forced to re-establish the train service it had operated at a deficit in recent years.

Bristol's move follows close on the heels of action Tuesday night by the Barrington Town Council, which, in a communication addressed to DeCiantis, scored the New Haven for making no attempt to repair its damaged right of way on the Consolidated Line in the 76 days which have elapsed since the hurricane.

Both Barrington and Bristol Councils suggested that Short Line busses, which pass through Bristol, Warren and Barrington on their way between Newport and Providence, be allowed to make stops in the three towns.

HEARING ORDERED ON R. R. SERVICE

P. J. Dec. 10, 1938

New Haven to Show Cause Why Bristol Line Does Not Resume

Michael DeCiantis, chief of the State Division of Public Utilities, yesterday summoned officials of the New Haven railroad to a public hearing at 10 a. m., Dec. 28, to show cause why service should not be restored on the Bristol line.

His summons followed a conference with Frank Wall, R. L. Pierson and William M. Meyer of the New Haven yesterday, at which no agreement was reached. He said he would ask Bristol County groups to aid him in preparation of the State's case.

While DeCiantis said he was not at liberty to disclose the trend of the conference, it had been previously known the railroad had decided it would relinquish its charter rather than restore passenger service on the line. The road, it has been reported, is willing to restore freight service, which has been operated at a profit, but not the unprofitable passenger service.

The Bristol County Betterment Group will hold a meeting next Thursday night in the Warren Town Hall to launch a campaign for better transportation service. Various groups are seeking to have freight service retained, even at the cost of losing passenger service, for fear its removal will be a blow to Bristol County industry.

Freight, Passenger Service Urged by Warren Council

Tuesday, December 13, 1938

Town Powers Join Bristol, Barrington Bodies in Request for Resumption.—Probe of Bryden's Complaint on Labor Situation Promised

The Warren Town Council last night joined with the Town Councils of Bristol and Barrington in requesting the resumption of freight and passenger service in Bristol County by the New Haven railroad in adopting a resolution for submission to the Public Utilities Division.

A resolution drawn up by the Barrington Council last week urging further action by the State division in restoring railroad service together with cheaper and more expedient bus service was re-drafted by the Warren board to fit the needs of that town and ordered sent to Chief Michael Di Ciantis of the Public Utilities Division.

The document, rewritten for Warren by Town Solicitor William H. McSoley, scores the railroad company for taking no action in repairing its branch line in the 82 days since the hurricane when portions of its track were damaged, and expresses appreciation for the work already done by Chief De Ciantis in the interests of the Bristol County.

The Warren board had before it also last night a letter from Miss Mabel F. Conant attacking the bus transportation problem for Warren. The communication charged unfairness that residents living south of the

Town Hall have to pay the same fare to Providence as Bristol passengers. She asserted also, in attacking bus fares, that express service during rush hours are of no assistance when the rates are too high for passengers to use it. The letter was referred to the Public Utilities Division.

Investigation of a complaint from Harold C. Bryden, president of the Warren Oystermen's Union, that the Narragansett Oyster Company is employing only a few local workers while enjoying tax exemption of part of its tangible property was promised by the Council.

Appearing personally before the board, Mr. Bryden asserted that the company is paying taxes on only about \$10,400 of its property probably "valued at about \$75,000" and is employing only five or six Warren oystermen while the vast majority of its workers are coming from East Providence.

Mr. Bryden also informed the Council that similar action might be advisable in other Warren manufacturing plants. The Council agreed with the complainant and President Norman H. Mann appointed Councilmen Ignatius F. Delekta and Patrick W. O'Neill to confer with the oyster company officials on the proposition.

BRISTOL BUS FARE REDUCTION SOUGHT

Thursday, Dec. 14, '38

New Haven Files Schedule with State Department of Public Utilities.

BOARD TO STUDY PLAN

Company Would Reroute Vehicles to Cut Down Running Time of Expresses on Line

A proposed schedule of reduced fares between this city and Bristol County points, together with institution of bus service to Hampden Meadows and extra service during rush hours has been proposed by New Haven railroad officials. Chief Michael DeCiantis of the Public Utilities Division announced yesterday.

Routing of express busses over the Wampanoag Trail and elimination of the Franklin street stop in Bristol would make special express service to Bristol seven minutes shorter than the present express service, or a total of 39 minutes.

Mr. DeCiantis said the proposal would be studied further by the division, meeting with the Bristol County transportation committee.

He said the railroad would agree to put on extra busses during the peak hours late in the afternoon.

Expresses would be run at 4:45 p. m., 5:05 p. m., 5:15 p. m., and 5:45 p. m., he said. These would make the Bristol run in 39 minutes.

The company further agrees to put on nine 40-passenger busses, he said.

Service to Hampden Meadows, which has been isolated from public transportation since the hurricane, would be obtained by use of a shuttle bus from the Warren bridge and New Meadow road. The route of the shuttle bus would be left optional with the Bristol County committee.

The shuttle bus service, he said, would be temporary, until the railroad obtains ICC plates for busses giving through service from Warren to Providence, probably up New Meadow road through Swansea and Seekonk to the Fall River pike.

On fares, DeCiantis said, the railroad proposes some reductions that must be studied by the division and the Bristol County committee.

Town Councils of County Confer on Cuts in Fares

Friday, December 13, 1938 P. J.

No Action Taken on DeCiantis Proposals; Session
Votes to Seek Alteration of Short Line Franchise
for Bristol, Warren, Barrington

Proposals for expedited bus service and reduction of fares for towns in Bristol County made by the New England Transportation Company through Chief Michael De Ciantis of the State Division of Public Utilities failed to meet with the approval of the Bristol County Transportation Committee last night. The committee met in Warren in joint session with the Town Councils of the county. Mr. De Ciantis attended.

Neither, however, did the gathering go on record as disapproving of the proposals after a lengthy discussion conducted in the Warren Town Hall. The group voted thanks and ap-

preciation for efforts of De Ciantis in attempting to improve bus service. A concrete result of the meeting, however, was a unanimous vote to present a petition to the Public Utilities Division asking that the franchise of the Short Line Company be altered to permit the picking up of passengers in Bristol, Warren and Barrington.

Upon receipt of the latter petition, Mr. DeCiantis stated he would set a date for a hearing as soon as possible, to bring about any improved bus service for the county which the evidence presented showed would result from a completed line.

Proposals presented by the utilities division chief concerned only bus transportation and all matters of resumption of service on the Providence-Warren and Bristol Railroad were deferred to a meeting on Dec. 29.

Included in the general proposition of the New England Transportation Company was additional bus service during the morning and afternoon rush hours and reduction of fares to and from the three towns and Providence.

The express service, already in effect, comprises an increase of bus transportation so that additional trips are made in the morning from Bristol to Providence starting at 6:50 with another at 7:20 and a third at 7:50. In the afternoon additional busses leave the Providence terminal for Bristol at 4:45, 5:05, 5:15 and 5:45, thus making three express trips in the morning and four in the afternoon.

The express busses leave and enter Barrington by way of the Wampnoag Trail rather than through the Bay Spring section thereby reportedly cutting the travelling time between Providence and Bristol from 46 to 39 minutes.

An additional service the company would provide Barrington is a shuttle trip through the Hampden Meadows section throughout the day which would make connections with the Providence-Bristol busses at an established point. In this way relieving the situation of commuters inconvenienced by the destruction of the White Church bridge.

In this connection, Mr. DeCiantis reported the company would consider a regular through service taking in the Hampden Meadows section and continuing through Swansea to the Fall River road provided such service proved profitable and an I. C. C. permit is obtained.

Additional suggestions made at the session which the utilities chief said he would take up with the company were an additional express service trip in the morning at a later hour and the establishment of not more than four stopping places in each of the towns.

UTILITIES SURVEY ASKS NARRAGANSETT CUT RATE BASE \$10,000,000

E. B. December 16, 1938

ALSO RECOMMENDS

\$9,404,000 SLASH
IN CAPITALIZATION

Partial Report is Issued

Proposing \$1,500,000
Rate Reductions

B. V. G. ALSO INCLUDED

Young Report Would Slash

N. E. Co. by \$1,000,000,
B. V. G. by \$354,000.

The report of Frederick A. Young's survey of the State's electric public utilities, with its previously announced \$1,500,000 rate reduction proposal, was made public today insofar as it pertained to the Narragansett Electric Company and the Blackstone Valley Gas and Electric Company.

The major portion of the report, made at the direction of the General Assembly at a cost of \$225,000, dealt with the Narragansett Electric and recommended for that company:

Would Cut Rate Base

A rate reduction totalling \$1,000,000 over a three-year period.

That its depreciated rate base, entitled to a fair return, now set at approximately \$61,500,000, be set at \$51,053,838 as of Dec. 31, 1937, and that this be increased only by the actual cost of additions or new properties.

A reduction of \$9,404,000 in the capitalization of the company's financial structure.

An increase in its annual charge to expense for depreciation from \$857,000 to \$1,200,000 so as to provide increased reserves for depreciation.

The report, made public by Michael DeCiantis, chief of the State Division of Public Utilities, who has had it in his possession since Sept. 17, also suggested that the companies covered in the survey prepare a plan "within reasonable time, by which those earnings above a basic rate of return go in part in the way of reduced rates and in part as a reward to those active and effective in the efficient and economical operations of the company, and in part to management."

It also recommended that for the Division of Public Utilities to do an "orderly, effective and intelligent" job of regulating utilities, its bud-

Continued on Page 4, Col. 1.

Utilities (over)

His Study Public



Frederick A. Young's report on his survey of the electric public utilities of the State was made public in part today.

Rate Finding Due Soon P. 56 Electrical World 12/3/38

Following a study of a report on Rhode Island electric rates by Frederick A. Young, former public utility commissioner, Michael DeCiantis, chief of the state Division of Public Utilities, will shortly announce proposed reductions to the operating companies of the commonwealth.

In the recent gubernatorial campaign Governor Quinn, who was defeated at the polls, asserted that reductions aggregating \$1,500,000 per year were anticipated, but that delay in making

them effective resulted from severe hurricane losses and genuine contributions to public service in restoring facilities.

Mr. DeCiantis states that if the operating companies agree to the proposed cuts he will make them public, but if not, hearings will be held before ordering them into use.

UTILITIES

Continued

getary requirements be increased to \$65,000 from \$30,000 annually with the utilities paying the additional \$35,000.

Mr. Young, in addition, proposed changing the policy of taxing electric public utilities by giving the State the taxing power so that the tax expense "will not be determined by different standards throughout the 39 cities and towns, as this severely handicaps the State in its efforts to maintain an equitable base."

Gives Base for Valley

For the Blackstone Valley Company, Mr. Young set the rate base entitled to a return at \$18,020,410 and recommended that \$435,281.45 be subject to a write-off program against depreciation over a 20-year period. The rates of the company

should be reduced by a total of \$354,000, he declared.

Mr. Young also made a survey of the Newport Electric Corporation and the Island Light and Power Company but Mr. DeCiantis said he was not at liberty to make the portions of the report dealing with these companies public at this time.

Announcement that the utilities would be requested to reduce their rates was made by Governor Robert E. Quinn during the closing days of the recent campaign. At that time he said Mr. DeCiantis was contemplating changes in the schedule of reductions submitted by Mr. Young. Mr. Young submitted the report on Sept. 17 and in recommending the rate reductions, he suggested a three-year plan, with the first year becoming effective Oct. last.

Changes Schedule

Release of the report today showed that Mr. DeCiantis had changed the Narragansett Electric residential rate schedule suggested by Mr. Young as it applied to the first year. He said that under the schedule rec-

ommended by Mr. Young the 91,800 consumers using from 0 to 60 kilowatt hours would receive a reduction of \$147,200, or 6.9 per cent. of the total reduction, and the 30,700 consumers using more than 60 kilowatt hours would receive a reduction totaling \$252,800, or 13.7 per cent. of the total reduction.

Rates for Valley

Mr. Young and his examiners determined that \$11,000,000 reasonably represents the fair present net value of the existing physical properties of the Blackstone Valley Gas and Electric Company and set the net depreciated capital or rate base entitled to a return at \$18,020,410. The company has an organization expense of \$32,177.94 and a going value of \$403,103.51. This total of \$435,281.45 would be subject to a write-off program against depreciation over a 20-year period.

The recommendation that the residential rates be reduced by a total of \$354,000 per year, distributed over a three-year period should be carried out under the following schedules:

First year: 6 kilowatt hours for 70 cents; plus six for the next 19; five for the next 30; four for the next 35; three for the next 50, and .025 for those in excess of 140. This rate would supersede existing rates R and A and would have been effective Oct. 1 last.

Second year: Six kilowatt hours for 65 cents, plus six for the next 14; five for the next 25; four for the next 20; three for the next 150 and .025 for those in excess of 215.

Third year: Six kilowatt hours for 65 cents; plus five for the next 39; three for the next 155 and .025 for those in excess of 200.

Asks Similar Plan

The reductions, Mr. Young said, would total \$85,000 the first year; \$106,000 the second, and \$163,000 the third; making a total of \$354,000.

The same recommendations that the rate bases remain firm and that the company submit a plan relevant to rate of return as were made to the Narragansett were also made to this company.

Under the changes made by Mr. DeCiantis, and which are embodied in his request for reductions by the Narragansett, the 91,800 consumers would receive a reduction amounting to \$211,000, or 9.9 per cent. of the total reduction, and the 30,700 would receive \$188,900 in reduced rates, or 10 per cent. of the reduction.

"In my opinion," Mr. DeCiantis explained, "this equalizes the distribution of the reduction and gives greater consideration to those who are most in need of a reduction."

Schedules Compared

The Young schedule was for 5 kilowatt hours for 50 cents; plus six cents for the next 25; five for the next 20; four for the next 25; three for the

next 125 and .25 cents for those in excess of 200 kilowatt hours.

The DeCiantis schedule was 6 kilowatt hours for 50 cents; plus six cents for the next 25; five for the next 30; four for the next 30; three for the next 108 and .025 cents for those in excess of 200.

In further detail the recommendations were:

Kilowatt- Present			
Hours	Rate	Young	DeCianits
5	\$.56	.50	.50
10	.86	.80	.74
15	1.16	1.10	1.04
20	1.46	1.40	1.34
25	1.76	1.70	1.64
30	2.06	2.00	1.94
35	2.36	2.25	2.21
40	2.66	2.50	2.46
45	2.96	2.75	2.71
50	3.26	3.00	2.96
55	3.56	3.20	3.21
60	3.86	3.40	3.46
65	4.16	3.60	3.68
70	4.42	3.80	3.88
75	4.62	4.00	4.08
80	4.82	4.15	4.28
85	5.02	4.30	4.48
90	5.20	4.45	4.68
95	5.35	4.60	4.85
100	5.50	4.75	5.00
125	6.25	5.50	5.75
150	7.00	6.25	6.50
175	7.75	7.00	7.25
200	8.50	7.75	8.00
250	9.50	9.00	9.25
300	10.50	10.25	10.50

In addition, as part of his first-year plan in the reductions, Mr. Young suggested the establishment of the following general rate: six cents per kilowatt-hour for 500 kilowatt hours; plus five cents for each of the next 1500 and four cents for those in excess of 2000. He also suggested that the power rate known as G-2 be revised so that the rate would become available for customers having demands of 80 kilowatts or more and revision of the electricity charge so that the .006 price would be available for electricity in excess of 334 hours use of the demand per month.

\$400,000 Cut Seen

The residential schedule would provide a reduction of \$400,000; the general rate change a reduction of \$30,000 and the power rate change \$70,000. This would be a total reduction of \$500,000 in the first year.

In the second year Mr. Young recommended the establishment of the following residential rate: 50 cents for 5 kwh; plus six for the next 25; five for the next 20; four for the next 20; three for the next 130, and .025 for those in excess of 200 kwh. He would establish the following general rate: an investment charge of .50 per month; an electricity charge of six cents for 200 kwh, plus five for the next 800, and four for those in excess of 1000 kwh. He would revise the

R. I. Electric Rate Cuts Urged
To Save Consumers \$1,354,000
P. J. December 17, 1938
State's \$225,000 Survey By F. A. Young Recommends
Change in Capital Structure, Lower Schedules,
Greater Rewards to Workers and Management

UTILITY COMPANIES
CALLED TO HEARING
P. J. Dec. 20, 1938
DeCiantis Is Prepared to
Investigate Basis of
Rates in R. I.

Michael DeCiantis, chief of the State Division of Utilities, notified four Rhode Island companies yesterday of public hearings on the utility report of Frederick A. Young which recommended reduced rates.

Mr. DeCiantis said that his division would investigate both the rates of returns and the rate bases of the four utility companies. He said the companies are the Narragansett Electric Company, the Blackstone Valley Gas and Electric Company, the Newport Electric Corporation and the Island Light and Power Company of Block Island.

No comment on whether they planned to protest the reduced rates could be obtained from officials of the companies involved. Samuel C. Moore, president of the Narragansett Electric Company, and David A. Daly, president of the Blackstone Valley Gas & Electric Co., said they preferred to withhold comment "for the present time." G. W. Michael, general manager of the Newport Electric Corp., declared he could not comment until he receives official notice of the hearings. A similar statement was made at the office of the Block Island utility concern.

so-called "D" rate so that the electricity charge would be three cents for 500 kwh; plus two cents for 4500 and .015 for excess over 5000 kwh. A new farm rate would be established to provide about a 7½ per cent reduction in farm revenue. These changes would bring about an estimated reduction of \$220,000.

In the third year the residential rate would be set at 50 cents for the first five kwh; plus six for the next 20; four for the next 25; three for the next 150 and .025 for those in excess of 200. This would bring a reduction of \$295,000. The reductions over the three-year period would total \$1,015,000, with the first year's reductions effective Oct. 1, 1938, the second on Oct. 1, 1939 and the third on Oct. 1, 1940.

Lists Charge-Offs

In his survey of the Narragansett, Mr. Young set the net depreciated value of its electric physical properties at \$47,200,000 and the net depreciated capital or rate base entitled to a return at \$51,053,838 for the electric part of its business.

To comply with his suggested program he proposed that an ultimate reduction of \$9,404,000 should be made in electric plant. To accomplish this, he proposed the company should charge off forthwith \$2,828,000 of the \$4,155,000 Going Concern Value set up by the Jackson and Moreland appraisal in 1927. To be written off against Depreciation over a 20-year period would be: organization expense of \$1,571,000 set up by the Jackson and Moreland appraisal; \$1,247,000 for D. C. changeover costs, customers' premises equipment; the \$1,327,000 balance of the Going Concern value; \$2,000,000 in insufficient retirements of electric property, overheads, etc. An additional item of \$431,000 organization expense now Miscellaneous Unadjusted Debits would be subject to a write-off program over 20 years through Operating Expenses.

The company, he said, should increase its annual charge to expense for depreciation from \$857,000 to \$1,200,000 so as to provide increased reserves for depreciation.

In addition, Mr. Young said, "The books of the company should be rewritten to square with the appraisal contained in this report and the proposed adjustments entered on the balance sheets of the company."

sum of \$65,000 is required. In this connection, the advisability of assessing the public utilities for the additional yearly sum of \$35,000 should receive careful consideration.

Opposes "39 Standards"

"The State is about to take necessary steps towards the establishment of a fair and equitable, firm rate base for electric utilities. Therefore, the present taxing policy as applied to electric public utility corporations of this State should be changed. To establish and maintain a rate base, it is necessary that the taxing power be vested in the State because the charges in the forms of taxes are of equal importance with all other factors upon which a basic rate is maintained. Stated another way, the intimate relationship of expenses is such that they cannot be reasonably separated, and to have the tax expense determined by differed standards throughout some 39 cities and towns is expected to severely handicap the State in its efforts to maintain an equitable base.

"The cost of this investigation should be borne by the public utilities, each of the utilities paying its share of the expenses incurred in a manner determined by the Chief of the Division of Public Utilities.

"With reference to the recommendations contained in this report; the General Laws should be added to and amended, in the event there is any question as to whether or not the Division of Public Utilities is empowered to order the adoption of the entire program as proposed."

Would Award Service

"For future regulation, the rate base taken as of Dec. 31, 1937 should remain firm. Actual costs when reasonable for additions and new properties would be entered into the accounts of the company and added to the rate base.

"Relevant to rate of return, it is recommended that the company be directed to submit a plan within a reasonable time, by which those earnings above a basic rate of return go in part in the way of reduced rates and in part as a reward to those active and effective in the efficient and economical operations of the company, and in part to management.

"Simplification of the corporate structure as recommended by the Division of Public Utilities should be carried out to completion in the shortest possible time. To the extent of liquidating subsidiaries, the plan is partly completed. Very likely, the investigation may have delayed matters. However, now that the investigating is completed, no time should be lost in executing the plan.

"In conclusion, it is well to state that after special consideration of all the elements involved, we believe the entire program appearing as recommendations in true harmony with sound public policy."

Holds Reorganization Needed

In his general comments in the regulation of public electric utilities, Mr. Young said: "Regulation must be improved. Do not interpret this declaration to mean regulation has failed. To the contrary, regulation in this State, during the past few years has been quite effective. However, it should be and can be improved. To accomplish this end, the Division of Public Utilities must be reorganized on a high professional plane. To do so, it is necessary to provide the Division of Public Utilities with additional funds.

"At the present time the Division is furnished with some \$30,000 annually for regulation of public utilities. Having served for two years as chief of the Division of Public Utilities, I am convinced from actual experience that such an amount is insufficient, and it is evident that for orderly, effective and intelligent future regulation of public utilities the annual

(above)

NEWPORT POWER SAVING PROPOSED

Young Recommends Rate Reductions That Would Be

\$120,000 Annually.

P. J. Sunday Dec. 18, 1938
SETS TWO-YEAR PERIOD

Report Also Suggests Depreciated Rate Base Be Reduced from \$3,500,000 to \$2,729,747

Rate reductions over a two-year period which would result in annual savings of \$120,000 to customers of the Newport Electric Corporation are recommended by Frederick A. Young in that portion of his survey of the State's electric utility companies devoted to the Newport concern.

This was made known yesterday by Michael DeCiantis, chief of the State Division of Public Utilities who a day earlier had released Mr. Young's recommendations for the Narragansett Electric and the Blackstone Valley Gas & Electric companies with the statement that publication of the Newport recommendations was not authorized.

Mr. DeCiantis said yesterday, however, that after a conference with officials of the Newport company it had been decided to release this part of the general survey.

Would Reduce Rate Base

Mr. Young recommended that the depreciated rate base of the Newport company, now set at approximately \$3,500,000, be set at \$2,729,747 as of Dec. 31, 1937, and that this rate base, or net capital, be increased only by actual costs of additions or new properties.

The report also recommended that a reduction of more than \$300,000 be effected in the company's financial structure, that annual charges to expense for depreciation be increased from \$68,421 to \$70,000, and that dividends on the company's common stock be restricted to \$7 per share annually for four years.

The company in recent years has paid more than \$7 annually on its stock to the parent company, the Utilities Power & Light Company, which owned all of the common stock until it sold the Newport concern recently to investment banking interests, reputedly for resale. The New England Power Association was mentioned as a possible purchaser.

income from the Newport company "through devious methods."

Cites Means Utilized

He declared that "the principal means utilized were: excessive dividends; management fees; activities of security and investment affiliates, in addition to those of its construction and engineering companies; and interest charges on open accounts."

He stated elsewhere, however, that "the examiners found operating expenses to be reasonable and proper" during the past few years and that "the failure of the Utilities Power & Light Corp. and its present supervision by the Federal Court has apparently resulted in the surrender of management policies to the company's local officials."

Because part of the present capitalization reflects original investments in traction properties long since sold or abandoned, Mr. Young recommended that the company effect a complete refinancing to "improve the company's credit and, consequently, aid its customers."

Urges Using Earnings

Mr. Young recommended that surplus earnings remaining in the four-year period, after payment of the \$7 dividend, be used, along with cash available from retirement allowance and amortization of abandoned property, for such purposes as bond redemption, reduction in debt and payments on improvements.

Mr. Young recommended that the rate reductions proposed in his report be effected in three steps over a two-year period.

The first step proposed consists of reductions effective as of Oct. 1, 1938, for residential and commercial consumers; the second step would be reductions to residential users as of Oct. 1, 1939; and the third step would be still further reductions as of Oct. 1, 1940.

The proposed residential rates in the first reduction are: \$1.00 for the first 11 kilowatt hours used plus 6½ cents each for the next 39 kilowatt hours, plus 3½ cents each for the next 75 kilowatt hours, plus 2½ cents each for every kilowatt hour in excess of 125.

Saving for Customers

Under this schedule a customer using 50 kilowatt hours would receive a monthly bill of \$3.53 instead of \$3.84 as at present and the user of 125 kilowatt hours would receive a bill of \$6.16 instead of one of \$6.84.

This initial reduction proposed in rates, coupled with a \$1150 reduction effected through a change in secondary power rates, would save residential customers \$56,150 annually. Commercial users would save an estimated \$13,850 annually by the substitution of definite rate for the present system of rendering bills at a rate one-half cent per kilowatt hour in excess of the net rate with this charge deducted upon payment of bills within 10 days.

The second step in residential rate changes, proposed for adoption a year hence, would set the following charges: \$1 for the first 11 kilowatt hours plus six cents each for the next 34 kilowatt hours, plus 3½ cents each for the next 75 plus 2½ cents per kilowatt hour for all power used in excess of 120 kilowatt hours. This change would bring savings estimated at \$25,000 annually.

Rates in Third Step

Rates proposed for the third step on Oct. 1, 1940, are: 65 cents for the first six kilowatt hours used, plus six cents each for the next 14 kilowatt hours, plus five cents each for the next 25, plus four cents each for the next 20, plus three cents each for the next 150, plus 2½ cents each for every kilowatt hour in excess of 215.

Reductions under this third change would result in annual savings of \$25,000.

In that part of his report tracing the history of the Newport Company, Mr. Young declared that prior to passage of the Holding Company Act the Utilities Power & Light Corp., until recently the owner, extracted

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BRISTOL RAILWAY SERVICE OFFERED

New Haven Proposes to Re-open Line for Freight Carriage

Only—on Conditions.
P. J. Dec. 28, 1938

MAKES FOUR PROVISIONS

Asks Passenger Requirements and Crossing Guards Be Ended and Single Track and Tax Slash

Four conditions under which freight service, only, might be resumed over the Providence, Warren and Bristol railroad were outlined at a hearing yesterday before the State Division of Public Utilities by William W. Meyer, general counsel of the New Haven railroad, the parent organization.

If the conditions are not met, Mr. Meyer indicated permission would be sought by New Haven trustees from the Interstate Commerce Commission for complete abandonment of the line.

These were the stipulations:

1. That the incoming Legislature at an early date relieve the railroad of all obligations under the present P. W. & B. Charter and the General Laws to operate any passenger service.

2. That the U. S. War Department authorize the construction of a single track pile and timber trestles to replace the steel bridges over the Barrington and Warren rivers, which were washed out by the hurricane.

3. That the towns and the Division of Public Utilities give the railroad the necessary authority to eliminate the present cost of grade crossing protection which now amounts to \$22,730 per year and to remove all passenger stations.

4. That the towns materially reduce the present tax burden.

Decision Next Tuesday

Chief Michael DeCiantis, who with James G. Connolly, division member, heard yesterday's testimony, announced at the conclusion of the hearing that the decision on those phases of the matter over which the division has jurisdiction would be made next Tuesday.

Officials of concerns doing business in Warren and Bristol stressed the importance to them of a speedy resumption of freight service, pointing out the additional cost and inconvenience which has confronted them since Sept. 21. Joseph A. Hammill, Bristol Town Solicitor, said his town is ready to meet all the conditions proposed by the railroad in order to obtain immediate restoration of service.

Mr. Hammill emphasized the potential danger of several large manufacturing plants in Bristol which employ about 2500 persons shutting down and moving away to other locations if railway freight service is not provided in the near future. He said his town was willing to sacrifice the passenger service to regain the freight service and that it was ready to meet demands for a reduction of taxes on railroad property.

Freight Service More Important

"I have been instructed by the Bristol Town Council not to say or do anything which might jeopardize resumption of freight service on the line," Mr. Hammill said. "We feel that resumption of freight service is of far greater importance than the resumption of passenger traffic."

Mr. DeCiantis requested that names of the business, manufacturing and mercantile establishments which used railroad freight facilities in Barrington, Warren and Bristol and the number of persons employed by them be furnished to the division today.

In reply to a question by Mr. Connolly, Mr. Meyer said New Haven officials thought they could "just about break even" in operating only a freight service over the line.

John J. Snively, division superintendent, testified that under the conditions proposed 22 grade crossings starting at and including the one at

Riverside would be deprived of their protection. He said it was planned to have two trains a day operate over the line—one down in the morning and back in the afternoon—at a speed of approximately six miles an hour with a man with a warning signal going ahead of the train at the crossings.

Division Ordered Hearing

The hearing was the result of a division order directing the railroad to show cause why passenger service should not be resumed over the Providence, Warren and Bristol line. No trains have passed over it beyond Vanity Fair since Sept. 21.

Mr. Meyer said that if the conditions which he outlined are met, the New Haven trustees are prepared to recommend that the U. S. Court in New Haven authorize them to advance \$90,000 for the construction of a single line track for freight service.

At the present time, he declared, taxes on the line between Riverside and Bristol amount to \$16,558 per year, or a tax bill of \$1655 per mile. With the line reduced to a single track, with bridges of much less cost than the former ones, and all passenger stations removed, the assessed value of the line should be reduced at least one half, he contended.

He said that a railroad's right of way is of no value if it has no earning power. Taking the earning power of the line into account, the railroad should be required to pay little in the way of taxes, he said.

Cites Lines Debt

Mr. Meyer said that when the P. W. & B. filed its petition for reorganization it had a debt of \$352,397. Since then it has incurred a debt of \$633,000. He pointed out that it is only 14 miles long and that the debt amounts to \$70,000 per mile. He said that the railroad had no money and with its property operating at a deficit it had no credit. He also said that if the line was to be restored it had to borrow the money.

"The trustees at once surveyed the situation and found that it would cost approximately \$250,000 to rebuild the line as it was prior to the hurricane," Mr. Meyer declared. "It was obvious that no one would lend that amount for restoration of a line which already had the heavy debt of the P. W. & B. and could only be operated at a deficit."

"The trustees therefore obtained an estimate of the lowest cost at which the line could be rebuilt so as to provide freight service to the towns. The estimate was approximately \$90,000."

Need of Court Order

"Questions then arose as to whether this amount could be borrowed for the P. W. & B. The trustees were satisfied that no money for the purpose could be borrowed on trustee certificate. The New Haven trustees could not advance that amount without a court order authorizing them to do so. If advanced, it would have to be from funds in the hands of the trustees belonging to the bondholders of the New Haven. The trustees knew that these bondholders would object to such use of their money unless facts were presented to the court which would convince the bondholders and the court that if the money were spent to rebuild the line it could be operated in such a way as to avoid such deficits as had occurred in the past and offer a fair prospect of return of the cost of rebuilding."

"After full consideration it was concluded that the expenditure of \$90,000 could not possibly be justified without very material changes in the method and cost of operation of the line. The necessary changes are not within the power of the trustees to make. They are within the power of the State and the towns. If the business men interested in freight service can and will co-operate to the extent of convincing the State and towns, in the interests of their industries, to make it possible to bring about the necessary changes, the trustees are prepared that the money be advanced for the account of the P. W. & B. even though it will add \$90,000 to the P. W. & B.'s debt of \$985,000."

"Laid Down on Its Job"

A charge that the New Haven Railroad had "laid down on its job" in failing to restore freight service at least between Providence and the Barrington station was made by Lester S. Walling, Barrington town solicitor at the hearing.

Mr. DeCiantis asked Mr. Walling what the attitude of the Barrington officials and citizens would be toward the question of tax reduction proposed by the railroad. Mr. Walling said he was unable to answer at once.

Appearing for the New Haven were Eugene J. McElroy, counsel, and W. E. Boyle, assistant counsel; Mr. Meyer; Frank J. Wall, vice president in charge of traffic, and Charles F. Caley, statistician for the New Haven's trustees.

Warren was represented by Town Solicitor William H. McSoley, W. Vincent Sumpter represented the Rhode Island Oyster Growers' Exchange and, indirectly, the Firestone Rubber Company, the John B. Peck Grain Company and the E. A. Martin Lumber Company, all of Warren.

COMMUTERS LOSE BRISTOL RAILROAD

P. J. 1/5/39
State to Permit Line to Do

Away with Passenger-Carrying Service.

The State Division of Public Utilities, in an order signed by Chief Michael DeCiantis, yesterday granted an order allowing the Providence, Warren & Bristol Railroad to abandon passenger service on its hurricane-torn line.

The division, bowing, it said, to the "dictation of a monopoly" at the same time ordered the road to resume its freight service at "as early a date as is practicable."

Permission also was granted by the division for the complete abandonment of all passenger stations and grade crossing protection. Freight trains, however, must stop at each grade crossing, and a flagman must flag each crossing.

The order, approved by James G. Connolly and Charles A. White, bureau superintendents, laid the blame for the condition of the branch line on its parent company, the New Haven Railroad. The order was granted, the division said, because it felt that disruption of freight service, as had been threatened by the railroad, would "seriously affect" Bristol County towns.

Pointing out that the greater part of the P. W. & B.'s indebtedness of \$352,397 was the result of notes given by the line to the New Haven in the more prosperous days of 1904, the division assailed the New Haven for "paying itself dividends" from the P. W. & B. when the P. W. & B. was "piling up a deficit."

PASSENGER LINE DOOM IS SEALED

C.B. 1/4/39
Utilities Board Bows to

"Monopoly," But Orders Bristol Freight Run.

The State Division of Public Utilities submitted, in its own words, to the "dictation" of a "monopoly" today and entered an order allowing abandonment of passenger service on the Providence, Warren and Bristol railroad.

At the same time the division ordered the railroad to resume freight service on the hurricane-torn line "at as early a date as is practicable."

The railroad received permission, too, to abandon its passenger stations and grade crossing protection service, except that what freight trains it may operate must stop before passing any crossings and a trainman must flag every crossing as a train passes over it.

Hand Forced by Circumstances

Its hand forced by circumstances, the division has entered its order only because it feels that the social and industrial life of the Bristol County towns "will be seriously af-

Continued on Page 3, Col. 1.

Bristol Line

Cont. next pg.

BRISTOL WILLING TO MEET RAILROAD TERMS, PAULL SAYS

12/30/38 P.I.
Town Officials Study Program

Under Which Freight Service Can Be Resumed.

2500 WORKERS AFFECTED

Danger of Mill Shut-Downs If Rail System Is Lost Is Cited by Hammill

Bristol town officials, anxious for resumption of freight service to the community, yesterday studied the four point proposal under which the New Haven railroad authorities declared such service might be undertaken.

Town Council President Prescott B. Paull said Town Solicitor Joseph A. Hammill spoke for the council at the Wednesday hearing in the State House before Chief Michael DeCiantis of the State Division of Public Utilities.

"There's further to add to that statement," he said. "Bristol wants freight service and we're willing to meet the requirements of the New Haven road in order to get it."

Solicitor Hammill yesterday compiled a list of the chief industrial establishments in the town, giving the approximate employment figures. He said the total was nearly 2500. The figure included 600 at the U. S. Rubber Products, Inc.; 1100 at Collins & Aikman Mills; 300 at Bristol Manufacturing Company; 200 at Carr Manufacturing Company; 175 at Paramode Shoe Company, and 90 at Herreshoff Manufacturing Company.

Stresses Closing Danger

Mr. Hammill at the hearing stressed the potential danger of several of those plants closing down and moving away if freight service is not restored.

In connection with the railroad's suggestion "the towns materially reduce the present tax burden," a study of assessments against the line show a total property valuation in Bristol of \$154,600. That includes \$133,000 for buildings, improvements, wharf and land on Thames street extending to the Warren town line; \$2400 for buildings and improvements at Constitution and Thames streets; \$1200 for land at Constitution and Thames streets, and tangible personal property of \$18,000.

The large combination passenger and freight station at Thames and Franklin streets, valued at \$12,000, was badly damaged in the September hurricane. A board of inspectors has condemned the building as a fire hazard and recommended it be razed.

Could Dispose of Depot

Should the line be relieved of the maintenance of passenger service and stations, the present Constitution street station could be disposed of. The building is valued at \$2400, with improvements, and the land for \$1200.

The total tax for the Providence, Warren and Bristol line this year was \$3447.58. With elimination of the two stations, it was estimated the line would have a tax of \$3415.47, without revaluation of land or the tangible personal property.

The 1938 valuation for the U. S. Rubber Products property is \$1,328,000 for a tax of \$29,614.40. Collins and Aikman holdings are assessed for \$11,183.45 on a total valuation of \$501,500.

The tax rate in Bristol is \$2.23 per thousand.

BRISTOL LINE

Continued
 fected" unless freight service is restored.

For Bristol County residents, many of whom had clung to the trains in a day when private automobiles and the railroad's own busses had come to the transportation fore, today's decision marked the end of an era much as had the abandonment of the old Fall River Line steamship service. Particularly those who remembered the railroad line's most picturesque days of a decade and more ago were saddened by the ending, and so were those who until the hurricane knew the trains as the quickest, most convenient, and most economical transportation between Providence and Bristol County.

Places Blame on Railroad

The utilities division order, entered by Chief Michael DeCiantis and approved by James G. Connolly and Charles A. White, its bureau superintendents, placed full blame for conditions leading to the end squarely on the New Haven railroad, parent body of the P. W. & B.

The division accused the New Haven of "unscrupulousness" for "paying itself" dividends from the P. W. & B. over the years when the P. W. & B. was piling up the deficits which it declared to be one reason it could no longer operate the passenger service.

Pointing out that the greater part of the \$352,397 indebtedness of the P. W. & B. when it filed its bankruptcy reorganization petition in Federal Court was the result of notes given by the line to the New Haven when the line was thriving, in 1904, the division's order said:

"It (the P. W. & B.) continued to prosper over a period of years, yet not a single penny was paid off on the indebtedness, but the dividends were paid in advance..."

The division accused the P. W. & B. of saying, to all intents and purposes, "Here is our proposition; take it or leave it."

Sees No Alternative

"These circumstances," the Division charges further, "make the State and the public subservient to a utility which has enjoyed special privilege and which, under its charter, ought to be rendering a public service... What can this Division or the people affected do under these circumstances but to submit to the wishes and to the conditions imposed by the respondents?"

On its own initiative the Division obtained figures showing that Bristol County factories might have to throw more than 5000 employes out of work if they suffer continued loss of freight service.

The question of legislative relief for the railroad from its charter requirement that it provide passenger service, and the further question of lower town taxes on the railroad's property were not questions the division could settle, the order said.

Howard S. Palmer, president of the New Haven, said today he could not say that the railroad would immediately begin to place the line in condition for resumption of freight service.

Besides the charter and tax questions, he said, the railroad must find out whether the War Department would approve the type of bridge it proposes to construct to replace the washed out structures over the Barrington and Palmer rivers, the latter at the Warren-Barrington line.

Hearing Held Dec. 28

It was on the ground that freight service for Bristol County "is a definite necessity to the industries" there that the Division ordered the P. W. & B. at a hearing Dec. 28 to show cause why it should not be ordered to restore freight and passenger service. At this hearing the road's counsel, the Division said, "asserted in no uncertain terms that the trustees would resume freight service only, and not until certain conditions were met" by the Division and the communities.

The order recited testimony that the Federal court would not allow the road to spend \$250,000 to repair the line for passenger service and that repairing the line for freight service would cost but \$90,000.

The railroad took the position at the hearing, the Division's order said, that if the road's conditions were not met, a petition would be filed with the Interstate Commerce Commission for abandonment of the line, or the Legislative charter would be forfeited.

Recalls Court Decision

The Division referred to a Supreme Court decision of last year holding the Division powerless to authorize abandonment of passenger service on the line. On this the order said:

"The difference between the former case and the instant case is that in the latter through an act of God the respondent's railroad has been so demolished that to restore it to its original condition would increase the indebtedness to the extent that the income derived from the passenger and freight service would be insufficient to operate the line at a profit. The position, it seems to us, has changed materially and it would be unfair to compel any utility to render service at a loss. In addition to these reasons we feel that a state of emergency exists at the present time, because the industries in Barrington, Warren and Bristol have been crippled and expenses for delivery of freight have increased due to the lack of freight service. Some of the officials of the industries affected testified at the hearing that unless the freight service is restored, removal of their plants is inevitable. If this occurs, the social and industrial life of those communities will be seriously affected. In order to obtain a true picture of how it affects employment, the Division requested the towns to file a list of the concerns and number of employes affected, if the freight service were abandoned. It is as follows (with number of employes for each plant):
 Staples Coal Company, 18; E. M. Martin Lumber Company, 7; John D. Peck Grain Company, 15; Benjamin Rooks, Warren Oyster Company, Narragansett Bay Oyster Company.

E. B. Blount & Sons (all members of New England Oyster Growers Exchange), 144; Warren Textile Machinery Supply Company, 125; S. E. Rains Company, 250.

Crown Fastener Corporation, 720; Fine Goods Sales Associates, 20; Mico Textile Corporation, 150; Berkshire Fine Spinning Associates (Parker Mill Division), 800; Snail Sales Service, 5; Bates Silk Mills, 60-100; Warren Narrow Fabric Company, 100; Eleistone Rubber Company, Inc., 25-40; United States Rubber Company (Bristol), 600; Collins & Aikman Corporation (Bristol), 1100; (Barrington), 334; Herreshoff Manufacturing Co. (Bristol), 90; Bristol Manufacturing Company, 300; Paramode Shoe Company, 175; Carr Manufacturing Corporation, 207.

Total employes, 5245-5300.

It will be noted that over 5000 people will be unemployed, if we enter an order compelling the respondents to operate passenger service. We are satisfied that under the decision of the Supreme Court of this State we have jurisdiction in the premises and hereby permit the respondents to abandon passenger service on the P. W. & B. line.

Other Phases of Problem

As for other phases of the problems presented by the abandonment, the division said:

"As far as the passenger stations are concerned, if there are no passenger trains, it is useless to have passenger stations. We also grant permission to remove the passenger stations.

"As to obtaining relief through legislative enactment to discontinue passenger service and to materially reduce, through the towns, the present tax burden—these are matters which are without the jurisdiction of this division and the town authorities and the inhabitants of those communities must meet those conditions themselves. They are purely local matters.

"The division takes the position that it has in this case because of the serious consequences which would arise if freight service were not restored, but it certainly does not place its stamp of approval upon the fact that it is permitting a utility to dictate its own terms. Our trouble is 'the fruits of a monopoly.'"

DE CIANTIS ORDERS BUS FARE CHANGE

Jan. 16, E. B.

New Schedule on Warren-Bristol Line Cuts Rates to Some Points.

A new schedule of fares for passengers on New England Transportation Co. busses between Providence, Barrington, Warren and Bristol reducing rates to some points on the line, was ordered to be put into effect as soon as possible by Michael DeCiantis, chief of the State Division of Public Utilities, today.

The new rates will be the same as those which the company offered after Mr. DeCiantis, several weeks ago, had requested it to lower fares. The schedule was submitted to the Bristol County Transportation Committee, which refused to accept it because it made no reductions in the rates to the centres of Warren and Bristol.

Regardless of the stand of the committee, Mr. DeCiantis today ordered the company to put its new rates into effect. He said he thought the new schedule would be in operation within a week.

Mr. DeCiantis said he would confer with Eugene F. McElroy, counsel for the New Haven Railroad, of which the bus company is a subsidiary, tomorrow to discuss details of the arrangement.

The new rates, from Providence, follow:

	Pres-Rates	Proposed Regular	Commented mutation
Riverside	.20	.15	.13
West Barrington	.20	.20	.15
Barrington	.30	.25	.18.3
Warren	.30	.30	.20
Bristol Highlands	.40	.35	.23
Bristol	.40	.40	.28.3

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DE CIANTIS ORDERS CUT IN BUS FARES

Five-Cent Reductions Made on Route from Providence

to Bristol, P. J. 1/17/39

RIVERSIDE IS INCLUDED

Also Barrington and Bristol Highlands; W. Barrington, Warren, Bristol Excluded

Michael De Ciantis, chief of the State Division of Public Utilities, yesterday ordered the New England Transportation Co. to put into effect as soon as possible a new schedule of fares on its busses between Providence and Barrington, Warren and Bristol.

The new rates provide for five cent reductions in the Providence-Riverside, Providence-Barrington and Providence-Bristol Highlands fares, but make no change in the fares between Providence and West Barrington, Warren and Bristol.

Even with the reductions, the bus fares remain more than the comparative railroad fares that prevailed before the hurricane halted service on the Providence, Warren and Bristol railroad.

The new bus rates are the same as those offered by the company several weeks ago and refused by the Bristol County transportation committee.

De Ciantis said he expected the new schedule would be in operation in a week. He will confer with Eugene F. McElroy, counsel for the New Haven Railroad, of which the bus company is a subsidiary, on details.

The new rates, with a comparison of the rail fares, follow:

	Present Bus Fare	Proposed Regular	Comm-tation	Old Rail Fare
Riverside	.20	.15	.13	.14
W. Barrington	.20	.20	.15	.14
Barrington	.30	.25	.18.3	.21
Warren	.30	.30	.20	.21
Bristol H'lands	.40	.35	.23	.28
Bristol	.40	.40	.28.3	.28

DE CIANTIS HITS

E. B. 1/16/39 BOWER GO. VIEW

A statement by Samuel C. Moore, president of the Narragansett Electric Co., that the company "wants to record a reservation of all constitutional and legal rights" will not prevent a rate reduction and a \$9,404,000 write-off on the company's books from becoming effective, Michael DeCiantis, chief of the Division of Public Utilities, notified Mr. Moore today.

After recent hearing on a survey of the electric utilities in Rhode Island made by Frederick A. Young, the division ordered a rate reduction effective Oct. 1, 1939, and the write-off by the company. The order was entered Jan. 7 and the time for appeal expired Jan. 14.

In a letter to Mr. DeCiantis, Mr. Moore said the company would not take an appeal from the order but pointed out that inasmuch as it was impossible to determine the full effect of the order on the company, he wanted to record a reservation of all constitutional and legal rights.

In reply, Mr. DeCiantis told Mr. Moore that no such reservations can be made, that the only protection the company had was through appeal and so far as the division was concerned, no appeal was filed.

FIXED BASIS FOR REACHING UTILITY RATES IS ADOPTED

E.B. Jan. 9, 1939

"Prudent Investment" Policy for R. I. Announced by De Ciantis.

NARRAGANSETT RATES CUT

\$500,000 Saving for Company's Consumers Is Effective Oct. 1.

Establishment of the "prudent investment" basis of arriving at public utility rates, the first time that a fixed rate-making policy has been used in Rhode Island, was made known today in a decision by Michael DeCiantis making effective on Oct. 1, this year, a reduction of \$500,000 in rates charged by the Narragansett Electric Company.

This method of rate-fixing, Mr. DeCiantis said, is based on "the total number of dollars prudently invested for all the property employed for public service." It provides a "known base" from which to calculate rate schedules, and it takes the place of "no specific method" nod in force, he said. He said he believed Rhode Island to be the first State to employ this procedure on a State-wide basis.

It has been common procedure in the past, he stated, to follow the reproduction cost theory.

The rate reduction ordered in the decision adheres to amended recommendations of Frederick A. Young, consultant engineer, and the decision follows a hearing on Dec. 30 at which the Narragansett Electric Company "made no objection" to the recommendations but asked that the reduction be postponed indefinitely.

Storm Taken Into Account

Mr. DeCiantis said that "because of uncertainties associated with the hurricane," it was decided not to make the reduction effective until Oct. 1.

He said that within a few days a decision affecting the Blackstone Valley Gas and Electric Company will be handed down.

"The Young report," according to the decision, "determined the rate base from a consideration of various methods of determining value. Mr. Young has indicated that in arriving at a rate base he followed no special formula, but considered the original cost installed, the reproduction cost installed, the depreciated cost installed, and all relevant factors. Mr. Young said that while he did not follow any theory of prudent invest-

Continued on Page 7, Col. 1.

Electric

ELECTRIC

Continued

ment in arriving at the rate base, nevertheless, in his opinion, the various items, both allowed and disallowed by him, so far as any element of cost was concerned, were 'wisely and prudently invested' in this case.

"As far as this Division knows, no specific method of determining a rate base has ever been adopted in this State. This Division shall now approve the historical cost or prudent investment theory as a method of determining value. A utility should not liken itself to an ordinary business enterprise, because it enjoys certain rights and privileges granted to it by the State and municipalities. From these grants ensues the obligation to perform a public service. Its profits are limited to a fair rate of return. It is subject to regulation. From its very inception a utility is aware of all of these facts. In a sense, therefore, it becomes a public servant. In other words, a utility expects that it will be guaranteed for the use of its property to public service a fair rate of return. It should not, therefore, look for a fair rate of return upon the exchange value of the property, but ought to expect just compensation for having employed its property for public use. The question then arises, upon what should the compensation be based?"

"It is our opinion that a fair rate of return should be based upon the actual amount of money prudently invested. After all, it is not the property but the capital investment which has crept its way into the enterprise.

Fair Value Sought

"We have approached the questions involved not only with a view of being fair to the customers of the utility, but also with a view of establishing a fair value for the property devoted to public service. We have had in mind, as pointed out by Mr. Justice McReynolds, in the case of Southwestern Bell Telephone Company vs. Public Service Commission of Missouri, 262 U. S., at page 288, that 'It must never be forgotten that while the State may regulate with a view to enforcing reasonable rates and charges, it is not the owner of the property of public utility companies and is not clothed with the general power of management incident to ownership. The Commission is not the financial manager of the corporation and it is not empowered to substitute its judgment for that of the directors of the corporation.'

"We have had in mind also the dissenting opinion in the same case of Mr. Justice Brandeis, who urges a rate base founded upon prudent investment and suggests that the term should not exclude 'investments which, under ordinary circumstances, would be deemed reasonable. The term is applied,' as set out in the note on page 289, 'for the purpose of excluding what might be found to be dishonest or obviously wasteful or imprudent expenditures. Every investment may be assumed to have been made in the exercise of reasonable judgment, unless the contrary is shown.'

"In considering the prudent investment method, it is our opinion it is fair to all parties concerned. Historical cost is the total number of dollars prudently invested for all the property which is employed for public service. Original cost and historical cost generally coincide in amounts paid in the development of a utility. Historical cost or prudent investment for any specific, individual plant item should remain firm. We do not intend to convey the opinion that in cases of retirement no deductions should be made from the original cost. In that instance the cost of the part retired should be deducted from the plant account or rate base, and the cost of any replacement item should be added. In the case of addition to plant the cost of the new item should be added to the plant account and to the rate base.

"The reproduction cost theory is based upon opinions of experts whose conclusions many times are so far apart that they become absurd. It is subject to fluctuation of price levels; it is based upon hypotheses and phenomena, which make this theory indefinite and inadequate in finding the true rate base. A rate base should not be dependent upon speculation or the whims of skilled witnesses, but should be based upon facts which disclose the number of dollars actually invested in the property which is devoted to public use.

Under this method there can be no opportunity for dishonesty or swelling the values of properties to absurdity, nor will the rate base be determined upon mere opinions and judgments of human beings.

"Prudent investment is a fixed, determined and non-fluctuating rate base. It can be easily kept up to date through accounting procedure, and should any injustices arise through changes in price levels, adjustments can be made in the rate of return. It seems better to do this than to determine a rate base upon pet theories and vagaries, or fanciful ideas.

"Having approved the historical or prudent investment theory, we proceed to determine the rate base.

Company Criticized Figure

"At the hearing the Electric Company made no objections to the report, as was amended by the Chief of this Division concerning rates, but did produce evidence and took issue with the consultant engineer's recommendations. The company contended at the hearing, through its vice president, that the figure of \$2,054,000 for working capital requirements was too low and introduced exhibits showing that for a period of 23 months the working capital averaged over \$3,000,000. This is substantiated by Mr. Young in his report. (See P. 16.) After consideration of this evidence, we are of the opinion that \$2,350,000 is a just allowance for working capital.

"The company also contended that the recommended amount of \$2,000,000 to be written off on account of insufficient retirements of electric properties, overheads, etc., should be reduced to \$1,000,000. It is the opinion of this division that the latter amount is insufficient, but some consideration should be given to the Electric Company in this item. We, therefore, reduce the figure to \$1,600,000.

"The Electric Company requested us to accept a figure of \$68,306,697.72 as its electric rate base. We believe that this amount is excessive. It also contended that \$51,053,838, the rate base mentioned in the Young report, gave no credit to that portion of the 20-year write off, not yet applied, and if this is taken into account along with its request for increased working capital, the rate base would be \$59,500,000. In the application of the prudent investment theory as a basis for rates it has not been necessary for us to consider this point. We have not included any amount specifically for going value or organization expense.

"The consultant engineer in his report sets a figure of \$53,928,392 as the original cost installed of the electric property on Dec. 31, 1937, and testified that in his opinion this sum was prudently invested. The division agrees with the general practice when using original cost as a basis for rates that the value of land should be taken as actual present day value and not at cost. Applying this correction on the basis of figures from the Young report brings it to a figure of \$54,528,392 as the prudent investment in the electric plant. It will be noted that this figure is substantially the same as the depreciated value of \$54,193,453 found by applying actual depreciation of \$8,116,412 to the reproduction cost of \$62,309,865, as determined by the report. It will be further noted that the average of the original, reproduction and depreciated values given in the grand summary on page 11 of the report is approximately \$54,600,000.

Feel Theory Upheld

"The foregoing indicates that the application of the historical cost or prudent investment theory is justified. Including an amount of \$2,350,000 for working capital and \$1,078,000 for special investment in the Rhode Island Power Transmission Company, we set a figure of \$57,956,000 as the electric company's rate base as of Dec. 31, 1937.

"The company also requested this division to take into account the expenses brought about by the hurricane of Sept. 21, 1938, instead of being subject to a rate reduction as recommended for Oct. 1, 1938, and asked that it should be subject to no reduction of its rates for an indefinite time. We recognize the temporary embarrassment of the company, but it is our opinion that a postponement should not be indefinite, but should be a reasonable one. The reduction ought to take effect on Oct. 1, 1939.

"This is reasonable and just to the Narragansett Electric Company and to the public.

"The matter of Mr. Young's recommendation that the earnings 'above a basic rate of return go in part in the way of reducing rates and in part as a reward to those active and effective in the efficient and economic operation of the Company, and in part to management' raises intricate questions of law and expediency which necessitate further advice and consideration, and this Division has requested counsel to file briefs upon these questions.

"In arriving at this decision our primary consideration has been to first, adopt the historical cost or pru-

dent investment theory for future regulation of utility properties in this State. (In our opinion this method enables the Company and the investor to receive a fair rate of return, and the consuming public, a reasonable and fair rate for the service rendered); and second, to establish a fixed rate base.

"Under the schedule in the report the reductions are to become effective over a period of two years, divided into the first, second and third steps. At this time we have authority to order reductions contained in the first step, which results in distributing to the consumers in the way of a rate reduction \$500,000.

The Order

"NOW, THEREFORE, it is ORDERED:

"1. That the electric rate base of said Narragansett Electric Company is fixed at \$57,956,000 as of December 31, 1937;

"2. That The Narragansett Electric Company set up on its books an account to be known as 'Electric Plant Adjustments' that there be forthwith charged to said account the aggregate of the following items:

(a) Going Concern Value	\$4,155,000.00
(b) Organization Expense	1,571,000.00
(c) Miscellaneous Unadjusted Debits	431,000.00
(d) D. C. Changeover Costs, Customers' Premises Equipment	1,247,000.00
(e) Insufficient Retirements of Electric Property Overheads on 1927 items of equipment	1,600,000.00
Aggregate	\$9,004,000.00

and that of the amount charged to said account \$2,828,000 be forthwith charged off against capital surplus and the balance be charged off over a period of twenty (20) years in equal annual installments of \$287,250 a year to Depreciation Reserve, and of \$21,550 a year to Operating Expenses, in each case commencing with the year 1939;

"3. That on the effective date hereinafter specified the rate schedules for electric service by The Narragansett Electric Company now in effect be and hereby are modified as follows:

"(a) The rates in the Schedule entitled 'Domestic Electric Services Rate A' shall be as follows:

- 50c for the first 6 kilowatt hours of electricity delivered each month plus
- 6c per kilowatt hour for the next 26 kilowatt hours of electricity delivered each month plus
- 5c per kilowatt hour for the next 30 kilowatt hours of electricity delivered each month plus
- 4c per kilowatt hour for the next 30 kilowatt hours of electricity delivered each month plus
- 3c per kilowatt hour for the next 108 kilowatt hours of electricity delivered each month plus
- 2½c per kilowatt hour for all electricity delivered each month in excess of 200 kilowatt hours

Other Rates

"(b) The rates in the Schedule entitled 'General Service Rate C' shall be as follows:

"The investment charge shall remain at 50c per month as at present. The Electricity Charge shall be as follows:

- 6c per kilowatt hour for the first 250 kilowatt hours of electricity delivered each month plus
- 5½c per kilowatt hour for the next 750 kilowatt hours of electricity delivered each month plus
- 5c per kilowatt hour for the next 1000 kilowatt hours of electricity delivered each month plus
- 4c per kilowatt hour for all electricity delivered each month in excess of 2000 kilowatt hours, and

"(c) The rates in the Schedule entitled 'Five-Year Power Rate G-2' shall be available for all purposes to customers who have signed a contract for five years with a minimum demand of 60 kilowatts provided that all electricity is supplied through one service and meter, unless more than one service or meter is installed for the company's convenience; the charge under said schedule for all electricity delivered each month in excess of the number of kilowatt hours determined by multiplying the demand by 334 will be 6 mills per kilowatt hour, and the rate of 7 mills per kilowatt hour for all electricity in excess of a number of kilowatt hours determined by multiplying the demand by 167, as now provided in said Schedule, is cancelled; and it is further

"ORDERED: That because of the extraordinary expense and loss of revenue suffered by said Company by reason of the hurricane and flood of September 21, 1938, the foregoing modification of rate schedules shall not become effective until October 1, 1939.

**VALLEY ELECTRIC
RATES TO BE CUT**
P. J. 1/14/39
**Blackstone Company Or-
dered to Put in Reduc-
tion Oct. 1**

The State Division of Public Utilities yesterday ordered the Blackstone Valley Gas & Electric Company to reduce its electric rates Oct. 1, 1939, using \$19,912,313 as the rate base. The division used its recently adopted "prudent investment" theory of valuation in fixing the rate base.

The rate reductions ordered are expected to save customers an estimated \$85,000 annually. The reduction represents an initial step in line with recommendations made by Frederick A. Young's recent survey of utilities of the State, in which savings of \$354,000 to customers of the Blackstone Valley company annually was suggested through reductions over a three-year period.

Under the "prudent investment" theory of valuation for rate making purposes, which the utilities division first adopted last week in ordering rate reductions by the Narragansett Electric Company, the Blackstone Valley Gas & Electric Company, according to the division's findings, has a "prudent investment" of \$12,891,903 in its physical properties.

To this investment, for rate making purposes, is added \$520,410 for working capital requirements and \$6,500,000 for special investment by the Blackstone Company in the Montaup Electric Company to make up the total rate base figure of \$19,912,313. That figure is \$1,819,903 higher than the rate base recommended in Mr. Young's report.

**NEWPORT RAILWAY
MAY BE RESTORED**

P. J. 1/17/39

**Bay State to Demand Resto-
ration of Service to 88
Old Colony Stations.**

COURT DECISION REVERSED

**U. S. Court of Appeals Throws
Out Ruling Allowing Discon-
tinuance Last Summer**

Attorney General Paul A. Dever of Massachusetts and the Public Utilities Commission of that State announced last night they were prepared to take action to have the New Haven Railroad restore passenger service to 88 stations on the Old Colony Division of the line in the Bay State.

Michael DeCiantis, chief of the Rhode Island Division of Public Utilities, informed of the Massachusetts development, said he would move for restoration of the Fall River-Newport service if this were not accomplished by the Bay State's action.

"I shall do the same in Rhode Island, if action is required here. There is a question as to the exact procedure, however," he said.

Explains Newport Status

He went on to explain that because the Newport line originated in Massachusetts, service over it might be restored by Massachusetts action.

The two-State move followed a decision handed down yesterday by the U. S. Circuit Court of Appeals at New York reversing a ruling by the Federal District Court in Connecticut last July 9 which permitted the railroad to abandon service to the 88 Bay State stations and to five in Rhode Island.

Attorney General Dever said that if the State commission issues orders restoring the service and the railroad does not comply, he will be prepared to seek a directory order from the Massachusetts Supreme Judicial

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**NEWPORT RAILWAY
MAY BE RESTORED**

Continued from Page One.

Court to force the road to take the step.

Cites Cape Cod Petition

He said a petition is now pending in the court for restoration of service on the Cape Cod branch of the Old Colony.

The Court of Appeals majority ruled that "it is the essence of the jurisdiction of diverse citizenship that the Federal Court shall be deemed the equivalent of the State. But when the State has set up a specialized tribunal (the Massachusetts Department of Public Utilities) not judicial at all, the Federal Court is not a substitute for it and may not displace it."

In December, 1937, trustees of the New York, New Haven and Hartford Railroad petitioned the Department of Public Utilities in Massachusetts for authority to abandon the 88 stations in Massachusetts.

Jurisdiction Denied

Before hearings were completed, New Haven bondholders applied in the Connecticut District Court for a discontinuance order. Massachusetts denied jurisdiction of the Federal Court, asserting that the only tribunal competent to pass upon the question was its Department of Public Utilities.

Circuit Court Judge Thomas E. Swan, in a dissenting opinion, held the "question is merely one of statutory interpretation, for it is conceded that under its power to enact bankruptcy laws, Congress may, if it chooses, exclude State authorities from control over the operation of any interstate railroad which is in process of reorganization. In my opinion, section 77 of the National Bankruptcy Law indicates the intention of Congress to do so."

**DE CIANTIS MOVES
TO REVIVE SERVICE**
P. J. 1/18/39
**Asks Bay State's Plans
on New Haven Line
to Newport**

Chief Michael DeCiantis of the State Public Utilities Division moved yesterday toward restoration of service between Fall River and Newport on the New Haven Railroad.

The action came as the result of a reversed Federal court decision Monday enabling the Massachusetts Public Utilities Commission to seek reopening of many of the railroad's 88 stations in southeastern Massachusetts.

DeCiantis said last night he tried yesterday to obtain a conference with Attorney General Paul A. Dever of Massachusetts in an effort to learn what Bay State plans were. Dever, however, was in court and DeCiantis said he put his questions in a letter to the commission.

"I think they intend to put the line in operation within the confines of their own State," DeCiantis said, "but they could go further than that if they wanted to. If they go that far, they might as well go the rest of the way."

**BARRINGTON ASKS
IMPROVED SERVICE**

P. J. 1/19/39
**Council Orders Complaint on
Bus 'Monopoly' Filed with
Rhode Island Officials.**

FARES ARE CALLED HIGH

**Bristol County Betterment Group
Indorses Action and Proposes
Zone System for Line**

The Barrington Town Council yesterday ordered the filing of a formal complaint with the State Department of Taxation and Regulation seeking improved bus service by the New England Transportation Company from Providence to Bristol County communities and stops in Bristol County by the Short Line busses.

The Council charged that the New England Transportation Company now has virtually a State-created monopoly on carrying passengers to Bristol County because of the destruction of New Haven Railroad facilities by the hurricane. The complaint also alleges that the bus company's fares are "unreasonably high" and its service unsatisfactory.

The Bristol County Betterment Group, made up of residents of Bristol, Warren and Barrington, at a meeting last night, approved the action of the Barrington Town Council and voted to recommend to the State department the establishment of zones, with fares fixed at approximately two cents a mile.

Schedule is Suggested

They suggested the following schedule of fares from Providence: to Bay Spring and West Barrington, 15 cents; to Barrington, 20 cents; to Warren, 25 cents; to Bristol Highlands, 30 cents, and to Bristol, 35 cents.

It was pointed out that the distance from Providence to Bristol is 17 miles and that a 35-cent rate to Bristol was only one cent over a two-cent-a-mile rate.

The group indorses the schedule of commutation rates announced earlier this week by Chief Michael DeCiantis of the Public Utilities Division and approved the division's order for restoration of freight service to Bristol County by the New Haven Railroad.

**STATE AID SOUGHT
FOR FERRY SERVICE**
P. J. 1-19-39
**Vanderbilt to Hear Plea
for Jamestown-Saun-
derstown Line**

Plans were made yesterday for a Newport, Jamestown and South County delegation to confer next week with Governor William H. Vanderbilt in an effort to get State aid to restore the Jamestown-Saunders town ferry service, which has not operated since the hurricane last Sept. 21.

The plans were made at a meeting of the directors of the Newport Chamber of Commerce, Chairman James B. Cottrell of the Chamber's transportation committee called a meeting for tomorrow night at which the ferry situation will be discussed and assistance of South County business organizations, hotel men, and town officials will be sought.

Although the Newport-Jamestown ferry has operated since the hurricane the storm destroyed the branch road from the Post road to the Saunders town dock, wrecked the dock and caused great damage to the west shore dock at Jamestown.

Charles H. Brooks, manager of the Jamestown & Newport Ferry Company, told the Chamber directors the company could not afford repairs for the West Passage service.

DeCIANTIS TO HOLD HEARING ON BUSSES
P. J. Feb. 1, 1939
Will Give Town Councils

Opportunity to Voice Their Complaints

The Town Councils of Barrington, Warren and Bristol will be given an opportunity to air their complaints against the bus service they now have at a public hearing to be called soon by Michael DeCiantis, chief of the State Division of Public Utilities. Mr. DeCiantis announced yesterday that he had served notice on the New England Transportation Company and the Short Line, Inc., that a petition from the councils of the towns stating their complaints had

been received and a public hearing would be called after Feb. 2.

In the petition, the councils charged the New England Transportation Company had an "absolute State-created monopoly"; that it had failed to provide any transportation whatever for the residents of Hampden Meadows since the hurricane; that it had refused to extend its fare zone for Warren beyond the centre of the town and citizens in the southern section of the town were being discriminated against; that it has refused to sell monthly commutation tickets at reduced rates; that its busses are "old, dilapidated and smelly"; that it should be made to erect waiting stations or shelters. The petition also declared that the Short Line should be forced to make stops in Barrington, Warren and Bristol.

At the present time the Short Line

runs express between Newport and Providence.

Previous to the hurricane the com-

muters from the towns were transported to and from Providence on the branch line of the New York, New

Haven and Hartford railroad, which owns the New England Transportation Company.

RAILROAD HEARING IS POSTPONED DAY

E. B. 2/27/39

A public hearing will be held at 10 a. m. tomorrow upon the petition of the Narragansett Pier Railroad for permission to close its Wakefield station, Michael De Ciantis, chief of the State Division of Public Utilities, announced today.

The hearing originally was scheduled for today but at the request of Eugene Phillips, of counsel for the railroad, it was continued until tomorrow, De Ciantis said.

He said that Nathaniel W. Smith, also of counsel for the railroad, called him this morning and requested further postponement of the case.

"Mr. Smith said he had been directed to ask for the postponement by Mr. Weller but I told him that Mr. Weller was not yet in office and the hearing would go on tomorrow as scheduled," Mr. De Ciantis said.

The Mr. Weller referred to is Horace L. Weller, who on Friday was nominated for director of the Department of Business Regulation by Governor William H. Vanderbilt. The Division of Public Utilities is within the Department of Business Regulation. Mr. Weller's appointment, which is subject to confirmation by the Senate, will come up for approval tomorrow.

Mr. De Ciantis also served notice on the New England Telephone Company today that he was planning a public hearing upon the petition of 48 residents of the Pippin Orchard section of Cranston to have telephones in the vicinity, now in the Valley Exchange, placed in the West Exchange.

GAS STOCK RULING TO BE PROTESTED

P. J. 1-21

The decision of the Federal Securities and Exchange Commission Thursday in denying the application of the Providence Gas Company for termination of unlisted trading privileges on the New York Curb Exchange in its common no par stock will be protested by Michael De Ciantis, chief of the State Division of Public Utilities, in behalf of the State, he said yesterday.

In presenting its appeal to prevent its stock from being sold on the Curb, the company claimed that it was locally owned and managed and considered it good policy for the stock to be owned by its customers. The SEC held that although only 2 per cent. of the stock outstanding was distributed through the Curb, the evidence did not establish that it was necessary in the public interest to terminate trading.

"I am going to ask the commission to reconsider and reverse its decision," Mr. De Ciantis said. "I am now studying the decision and the position of the company and I hope to be able to persuade the commission to render a decision favorable to the company. More than 95 per cent. of the stock is held here but being available through the curb this in itself permits an opportunity for outside interests to gain control. I do not want to see this happen and I think the company and its consumers should be given the fullest protection possible to see that this does not happen."

NEWPORT RATE BASIS IS FIXED

E. B. FEB. 2, 1939

Electric Schedule, Effective at Once, to Mean Saving of \$81,898 in Year.

The State Division of Public Utilities announced today it had set a rate base of \$3,044,000 for the Newport Electric Corporation and ordered a schedule of electric rates for the coming year which will mean a saving of \$81,898 to consumers.

The corporation agreed to make the schedule effective immediately, with the new rates going into operation for February and appearing on the March 1 billings.

Michael De Ciantis, chief of the division, said he had amended the rate schedule proposed by Frederick S. Young in his survey of electric utilities in the State. De Ciantis said the amended schedule would mean savings of from 16 to 50 per cent. for the approximately 5000 consumers who use from 5 to 40 kilowatt hours of electricity a month. He said there were about 1700 consumers who use more than 40 kilowatt hours.

He estimated that the savings the first year would amount to \$65,748 for residential consumers and \$16,150 for commercial users.

William P. Sheffield, representing the electric corporation, said the company accepts the rate schedule and approves the amounts established as a rate base. The \$3,044,000 represents the valuation of the corporation's assets.

De Ciantis said a full report on the decision will be made soon.

William J. Maney, labor representative, of Newport, and John F. Dring, representing the Civil Supervisors' Association of Newport, praised the commission's decision. Dring, however, emphasized that he wanted to be sure the consumers would be protected from future manipulations of the corporation by the parent company, the Utilities Power and Light Company of Chicago. Maney said that his group felt that the valuation was still too high, although it was a great improvement.

Mr. Sheffield stated that whether the common stock of the company, now in the hands of trustees, is sold "for \$1 or \$1000 a share," the sale price will not affect the figures carried on the company's books and will not affect the rate base established by the Utilities Division.

NEW ELECTRIC RATES
P. J. Feb. 3, 1939

Base Set for Newport to Save \$81,898 to Customers.

A rate base of \$3,044,000 has been set for the Newport Electric Corporation and a schedule of electric rates involving a saving of \$81,898 to the company's customers has been ordered, it was announced yesterday by Michael DeCiantis, chief of the State Division of Public Utilities.

The corporation agreed to make the new schedule effective immediately. The new rates will go into operation for February and appear on the March 1 billings. Mr. DeCiantis said a full report on the decision will be made soon.

GAS EXTENSION OPPOSED
P. J. Feb. 7, 1939

Company Says Supply for West Warwick Would Not Pay.

Extension of gas service to West Warwick by the Providence Gas Company would not be considered by the company as a prudent investment, according to a survey by R. I. Fletcher, vice president and engineer of the company. His report was made public yesterday by Michael DeCiantis, chief of the Division of Public Utilities, who requested that the extension be made.

A gas rate of \$2 per 1000 cubic feet would have to be charged by the company to make the investment safe, the report said, noting that the cost of the extension would be \$376,942. Due to competitive fuels, the amount of business that could be obtained at such a high rate would be negligible, the report states.

DE CIANTIS CALLS UTILITY LEADERS

E. B. 2/27/39

Michael De Ciantis, chief of the State Division of Public Utilities, today summoned the presidents of the Providence Gas Company and the water companies of the State, and the manager of the New England Telephone Company to a conference Friday to take up the matter of establishing a fixed rate base based upon the prudent investment theory.

The division recently completed public hearings and issued orders establishing a fixed rate base based upon the theory. In calling the meeting for Friday, Mr. De Ciantis said his reason was "to have a uniform method of fixing a rate base and also to prevent utilities from swelling the values of their properties."