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October 9th-14th

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N. B. Electric Case
Like Charlottetown's
Arguments Submitted To Utilities Board and
Decision Reserved

SAINT JOHN, Oct. 11.—Argument of counsel in the application of the City of Fredericton to the New Brunswick Public Utilities Board for a reduction in rates and improvement in service by the Maritime Electric Company Ltd. concluded at 5 o'clock yesterday afternoon before the board in the Provincial Building.

A. N. Carter, Saint John, counsel for the company, addressed the board from 2 o'clock until 4:15 p.m. The remainder of the session was taken up by P. J. Hughes, K.C., Fredericton city solicitor, in rebuttal.

Evidence taken at recent sessions will be transcribed early in November, it was stated, following which counsel will prepare briefs of their cases for presentation to the board.

May Take Months

Final decision in the case will follow careful study of the mass of evidence taken and will probably require some months, it was estimated by H. A. Carr, Campbellton, chairman, who with A. D. Holyoke, of Fredericton, and A. E. Bouquie, Fox Creek, members, has been conducting the hearing.

In his argument for the company, Mr. Carter contended that the question to be settled was whether the rates charged are reasonable or unreasonable in consideration of the value rendered the consumer. His address to the board was, in part, as follows:

"It is for the City of Fredericton to prove that the rates are unreasonable. In 1927 the present schedule of rates was agreed to by the city and has been acquiesced in ever since. That fact, the company contends, presents strong prima facie evidence that the rates are reasonable.

Furthermore, the per capita consumption in Fredericton since the present rates were established in 1927 have risen from 26 k.w.h. to 51 k.w.h. in 1931 (for domestic customers) and from 88 k.w.h. to 137 for commercial customers. "Surely you could not get any better illustration that the rates are reasonable than the rapid and substantial increase in consumption of power during that period."

Property Value

Regarding the method of determining the value of the property less depreciation, we maintain consideration should be given the original cost of the property, the amount and market value of its stocks and bonds, its probable earning capacity and the sum required for operation.

At this point Mr. Carter quoted several legal cases in United States courts in support of his contention that "reproduction costs alone" formed only a small point in consideration given such cases.

Here Mr. Carr asked Mr. Carter if he felt production costs should be taken into consideration in determining value of service to the consumer. Mr. Carter said he did not think so but rather that the value of the service to the customer should be the deciding factor. For example, he said, in Saint John telephone calls are rated on this basis, and the man who makes extensive use of his telephone pays more pro rata, than the person making little use of it.

Referring to Mr. Hughes' argument during the morning that "only property used and useful" should figure in the valuation, Mr. Carter pointed out that since 1927 the company has invested \$330,000 less about \$90,000 for retirements, in improving the system, a large part of which was spent on the generator plant (now idle) and which the city does not want included in the valuation.

"That investment was made in good faith" for the purpose of supplying the people of Fredericton with the electric power they needed, he said.

because the increasing load was decreasing costs. (Here Mr. Carr expressed the view that the figure was remarkably low and he could not see how it could be produced at such a figure.) "But the details of the cost of production are in evidence," Mr. Carter pointed out.

"Under the conditions I feel the figure is doubtful," commented Mr. Carr.

City Load Required

Only if the Fredericton load were available, continued Mr. Carter, was the Minto power project feasible, and the company, without any outlook for benefits to itself, but with benefits to the customers, if any such benefits developed, assured by the contract, went into the agreement to purchase power from the Commission, in a spirit of co-operation.

"It was not until some bright mind discovered the reference in the Moncton decision to "used and useful" as a basis for the property valuation in determining a rate basis, that this inquiry was precipitated," he continued.

As for the steam plant, it was good business for the company to maintain it as a standby in case something happens to the Minto plant and to protect the company against exorbitant rates when the present contract with the Commission expires.

Quoting several United States cases, Mr. Carter contended it is the general practice to reimburse investors financing plants which later are abandoned, by having such plants amortized over definite periods. The Fredericton steam plant should be amortized, out of fairness to the investors under similar circumstances, he said.

Continuing, Mr. Carter said the company estimated the rate base as \$437,940.41 which was not far out in comparison to Dr. Stephens' estimate, in 1930, of \$200,000 "and something more" for a possible rate base and \$200,000 for the old steam plant which Mr. Carter said the board may or may not see fit to amortize.

Refers to Witnesses

"Furthermore I cannot refrain from remarking that Dr. Stephens was a model witness on direct examination by Mr. Hughes, but he was a most difficult witness as far as I, and I think the commission, was concerned in cross-examination."

"Simply a case of different counsel," interjected Mr. Hughes.

"With reference to Mr. Vandervoort (superintendent of the N. B. Electric Power Commission) I think it must be admitted that his experience has never included construction of any system on the scale of the Fredericton one but has been confined to work in rural districts and villages and included practically no experience in working capital. This, I think, was reflected in his rather loose methods in arriving at estimates in figuring the value of the distribution system and plant. Mr. Vandervoort also accepted Dr. Stephens' figures for overhead costs. There is nothing in the record to show the professor is qualified, through experience to give accurate estimates in such work."

Several other points were dealt with by Mr. Carter referring to comparative labor costs, minimum bank balances, operating expenses, the importance of making substantial allowance for "going value" and the fact that complaints regarding voltage had largely been remedied.

Heard in Rebuttal

In his rebuttal remarks Mr. Hughes pointed out there has been no set rule established for determining the value of service rendered. "When a company has a monopoly of a product they might demand all the consumer could pay for their product but that would not necessarily be a fair price to the consumer. A fair price is the value of the product to the

consumer after allowing a fair return upon the producer's investment." Referring to the \$330,000 invested by the company since 1927, Mr. Hughes asked what the company had to show for it. He referred to the efficiency rating of the boilers and the turbo-generators, "87 and 52 percent, respectively." He felt it was not good business to retain obsolete equipment. As for the steam plant being retained as a standby in case the Minto plant broke down, he pointed out that the Musquash plant, the N. B. Power Company's plant at Saint John and others are linked up with the Minto plant to meet any such emergency and that there are two lines carrying the power from Minto to Fredericton as a further precaution.

In conclusion, Mr. Hughes asked why the company had not produced as witnesses the bankers whom they claimed had said it was necessary for the company to maintain large minimum balances to have their business conducted by the banks without service charges. "If we could have cross-examined those bankers I think we would have found there was no foundation for the company's claim regarding minimum bank balances," he declared.

Mr. Hughes based his arguments on the judgment of the board in the Moncton electric power rates case to the effect that a public utility company is entitled to a fair return on the property "used and useful" in rendering service to the public.

Mr. Hughes' argument, in part was as follows: The Maritime Gas and Electric Company, Ltd., is the successor to the old Fredericton Gas Light Company whose property, including gas mains under Fredericton streets, it took over. If the Maritime Electric Company asked a court to provide that it should be reimbursed for the gas mains, which are no longer used, it would find its request refused.

Capital Valuation

Therefore, the antiquated electric light plant of the company which the company's Mr. Donaldson described as so much "junk," which is not in use but is sitting there idle, and they are attempting to show as part of their capital investment is not "used or useful." It should not be taken into consideration when the base rate upon which the company is allowed to earn is being estimated.

We have shown that Mr. Vandervoort, superintendent of the N. B. Electric Power Commission, estimated the reproduction value new of the Maritime plant, after allowing for depreciation and all other items necessary, was \$143,343.19 compared to \$191,163.64 estimated by Mr. Taylor, valuating engineer brought here from New York by the company. The difference in totals is \$44,820.45.

For the company Mr. Taylor would pay \$8,000 for six months engineering superintendence in erecting poles and establishing the distribution system. He would add such expenses as law costs during construction, \$890; injuries and damages in same period, \$1,780; taxes during construction, \$286; interest during construction, \$5,265; and then to that they add a bonus for the mistakes that adds \$7,120 to the cost of reproducing the system new."

Sets Rate Base at \$152,143

We contend the fair figure for the rate base upon which the company should base its earnings is \$152,143.19. Incidentally it is a question whether it is not time the interest rate of 8 percent allowed on such base rates should not be lowered in view of changed general conditions. There is no actual legislation fixing the earnings allowable at 8 percent. I think it dates back to the legislation fixing this rate for the New Brunswick Telephone Company many years ago.

Allowing 8 percent on the base rate we have mentioned and providing for other costs, including power, the actual annual operating costs would be approximately \$105,321.46. Last year the company's income totalled \$158,458.18, that is to say the company over-collected \$44,136.72 under the present rates and charges.

Company representatives estimated the annual operating costs at \$104,755.20. Of this amount \$63,549.60 was for the purchase of power, leaving \$41,205.60 for other costs compared with Mr. Vandervoort's estimate of \$50,039.52, leaving a difference of \$11,166.06 which was made up by monies shipped out by this company to organizations in the United States.

This little company in Fredericton does not need to be managed from the United States. It can be operated much more cheaply here. I refer to such charges as management fee, \$3,823.68; purchasing fee, \$200; engineering fees on new construction \$761; share of the St. Stephen office expenses, \$180; reports to head office organizations, \$1,673.84; office salaries at \$1. from 94 to 122.

Stephen and Cambridge, Mass., \$2,055.50; stationery and office supplies at same points, \$86.06 and \$463.01; law expenses, \$226.43 of which \$42.82 was in Fredericton; corporation head office expenses \$758.71; exchange losses on payments made in American funds, \$1,605.49; rate engineering and other experts, \$1,667.92 and other items totalling \$17,255.90. Items explained in cross-examination which brings the total down to \$13,295.80.

The Rates



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HOLMAN'S BOTH STORES

CENTRAL GUARDIAN

This column is reserved for Queen's County news of local interest but advertising of a new nature may be inserted at 4 cents a word strictly payable in advance.

HEATHERDALE HALL — Mr. Philip Bears will hold Divine Service in Heatherdale Hall, Sabbath Oct. 15th, 7 p. m.

HOPEFIELD—Preaching service at Hopefield Sunday, Oct. 15th, at 7 p.m. Special singing. Louis Harris.

WOOD ISLANDS PRESBYTERIAN CHURCH—On Oct. 15th the regular church service will be at 3 p.m., Sunday School at 2 p.m., Y. P. S. at 7 p.m. Rev. Allister Murray, minister.

MANY HAPPY RETURNS—Mr. R. N. Cox of this city, will celebrate his 83rd birthday today. He was born in Charlottetown on October 12th, 1850. It is pleasing to know that he is enjoying good health despite his advanced years.

SUNDAY SERVICES OCT. 15—2:15 p.m. ST. JOHN'S ANGLICAN MILTON: St. John's Anglican Church, 2:15 p.m. Sunday School, 3:00 p.m. evening prayer and Holy Communion. Special speaker, Rev. H. D. Raymond. Rustico: St. Mark's Anglican Church, 7:30 p.m. evening prayer, Harvest Thanksgiving service and Holy Communion. Special speaker, Rev. H. D. Raymond.

WABASSO LECTURES—A large and interested audience attended the Wabasso Lecture and Demonstration at Prowse Bros. Ltd., Wednesday afternoon. Miss Margaret MacInnis and Miss Florence Warren of our staff and Little Shirley McLeod were the very attractive models, when Miss Starling presented an advanced cotton fashion show, and told of many interesting uses for cotton. A fine range of Ayers pure wool blankets were also shown, as well as Simmons products. The Wabasso collection bordered bed set was won by Mrs. S. Duffy, 91 Prince St., City, Thursday and Friday afternoon from 3 to 4 o'clock there will be a similar demonstration when another free bed set will be presented to the lady whose name is drawn.

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Regarding the rates themselves, the domestic service charge of 80 cents is altogether too high. In Saint John it averages 30 cents and in Moncton 50 cents. The commercial rate is so complicated that very seldom can you find anybody who knows how to work it out. Even officials of the company had difficulty with them here. We have shown commercial houses paying a \$7.50 service charge for their lights and a \$5 additional service charge before they could operate their elevator. The Provincial Normal School service charge in one instance was \$20.80 for lights and \$16.50 for power. The company is paying two cents a k. w. h. for energy and charges five cents for the first block. The average rate received for commercial power is 5.01 cents.

VALLEYFIELD-ORWELL HEAD

services, October 15th: 11 a.m. Valleyfield, 3 p.m. Kilmuir, 7 p.m. Orwell Head. Rev. D. MacLean Sinclair, M.A., minister.

REV. J. M. MURCHISON—Services will be conducted in DeSable Church of Scotland Monday, Oct. 16, and Cape Traverse Church of Scotland Tuesday, Oct. 17. Services at 7:30.

CHURCH OF SCOTLAND—Rev. Ewen MacDougall will preach Sabbath, 15th, at Birch Hill at 10:30. Kinross at 2:30 and Murray River at 7 p.m. Rev. J. M. Murchison will preach Monday, 16th, at DeSable at 7:30 p.m. in the interest of the Bible Society.

CALEDONIA AND MURRAY HARBOUR PRESBYTERIAN CHURCHES—On Oct. 15th the services will be as follows: Caledonia at 11 a.m. and 7 p.m., Sunday School at 10 a.m., Glen Martin Sunday School at 3 p.m., Murray Harbour Sunday School and Bible Class at 2 p.m. Rev. Allister Murray, minister.

STORM SWEPT P. E. I.—A report received in Moncton Monday from Cape Bauld, parish of Botsford, states that while at his lobster traps Monday morning Mr. George F. Porelle, well known fisherman of Lower Cape Bauld found a power boat and dory drifting at sea without any occupants. After quite a difficult task he and those who accompanied him succeeded in securing both craft and towed them to Lower Cape Bauld wharf. A search of the engine boat revealed that both were owned and registered by a man named Arsenal, of Rock Point, P. E. I., and had evidently been swept from their moorings on the Island side of the Northumberland Strait in the gale that lashed this section on Saturday and Sunday. The owner at Rock Point was eventually communicated with and will come after the craft. Both were half-filled with water when found. It was also reported that the fierce gale of the week-end had damaged one of the breakwaters at Cape Bauld quite badly and that part of it which had been torn away had smashed some fishing boats moored in the vicinity, but the exact extent of the damage could not be ascertained.—Moncton Times.

IN MEMORIAM

MISS ANN STEWART

At 10:30 on Saturday morning, October 7th, there passed peacefully away at the home of her niece, Mrs. John MacLeod, Bellevue, Miss Ann Stewart in the 91st year of her age. For the last five years Miss Stewart made her home at Bellevue where she was tenderly cared for by Mrs. MacLeod. She was the daughter of Angus Stewart and his wife Margaret MacDonald. She was born in Heatherdale on May 1st, 1842, two years after her parents came out from Skye. She is survived by one sister, Mrs. Margaret Shaw, Roslin, Mass. Two sisters, Catherine, Mrs. John Stewart, and Mary, Mrs. John MacKay, predeceased her; also three brothers, Donald, died in the West; Peter, who died in childhood, and Angus, who died in Heatherdale. The late Miss Stewart spent her long life in Heatherdale and vicinity. After the death of her parents she continued to live in the old home with her brother Angus and his wife. She was a very capable dressmaker, and was skilled in the use of the loom and the wheel. She spoke her native Gaelic fluently and had many of the great passages from the Gaelic Bible by heart. Miss

Canine Derby Under Way At Petersville

PETERSVILLE, N. B., Oct. 10.—(O.P.)—Completion of the first day's competition at the second annual North American cover dog trials found Georgia Bell Spectre, little setter owned by Norman Brownlee, of Ottawa, winner of the open derby stake.

Second and third place winners in the same event were Orr's Prince a pointer, owned by Leonard Stephenson of Upper Golden Grove, N. B., and Delmarva Bobs, black and white setter owned by Dr. Harrigan of Millbrook, Me. They showed considerable speed and were so nearly equal in their work on birds that the judges put the pair through a second heat before making a decision. Delmarva Bobs, the third place winner, displayed a wide speed range and smart ground work but a slight unsteadiness on point.

Owing to rain, the entire morning was lost, and it was not until 2 p.m. that the judges, Ozark Ripley of Chattanooga, Tenn., and Arthur Sharpe, Taunton, Mass., called for the dogs entered in the open derby stake. The puppy stake slated for morning competition was postponed until tomorrow. It will be followed by the amateur all-age stake, to be run in 30-minute heats. The big event of the meet, the open all-age international cover dog championship stake to be run in one hour heats, will conclude the competition.

Norman Brownlee owns Billy Boy, last year's all-age international champion.

The deceased was born at Murray River, Jan. 26th, 1833, and he lived in Gladstone until 1922 when he removed to Lower Montague where he has since lived until his death Sept. 25, 1933. In early life he was converted and served his Lord and Master throughout his long life. He was Superintendent of the Presbyterian Sunday School at Murray Harbor for about fifty years. As an elder and member of the Session he was ever faithful to his duty and has gone to hear the holy done good and faithful servant enter thou into the joy of thy Lord.

In 1900 he was united in marriage with Miss Francis T. Brehaut of Murray Harbor who predeceased him some years ago. He was laid to rest beside her in the cemetery at Lower Montague.

He was carefully and tenderly cared for during his last illness by Mr. Eli Vatcher who did every thing possible to make him comfortable, assisted during the last three weeks by Mr. Horton's sister, Mrs. Mary Mabey. There are left to mourn one adopted son Cyril Albert Horton, teacher in the Academy at Truro, N.S., two brothers William A. Upper Granville, N.S., and John A. Slickow, Mass., four sisters, Mrs. Mary Mabey of Gladstone; Hannah, Mrs. Archie McDonald, Murray Harbor; Adeline, Mrs. W. H. Potter, Grace City, N.D. and Isabelle, Mrs. F. O. Hanson, Billings, Montana, besides a large circle of relatives and friends.

Whale Oil For Soap Factory

(Special to The Guardian) SYDNEY, N.S., Oct. 10.—Considerable quantities of whale oil are moving over the Canadian National rails from Sydney to Upper Canadian centres. Over the week-end the S. S. Alembic arrived with a cargo of Arctic whale oil consigned to Lever Bros., soap manufacturers, at Toronto, which was pumped into tank cars for carriage to destination. The Alembic is due again next week with another cargo of

Unity United Church THURSDAY

3:00—Women's Missionary Society—Packing box for Sydney Mission — Heartz Memorial Hall.
3:00—Ladies' Aid, meeting for sewing — East Parlor.
6:00—Tuxis Squares, Senior and Junior, Supper Meeting — All boys from 15 to 17 years of age, who are interested in Tuxis, are invited — Social Hall. 1756.

CHERRY VALLEY

Mr. A. W. MacDonald, City was a recent visitor to Cherry Valley.

Mr. H. Jinks, Hazelbrook, recently visited in Earncliffe and Cherry Valley.

Miss Elsie McInnis, Miss Hazel Ings, Cherry Valley, motored to Eldon and P-nette Sunday where they attended the Rally Day services at Belfast Church.

Mrs. Lee Frizzell, Eldon, and little son, are visiting her parents Mr. and Mrs. Geo. Carreer, Cherry Valley.

The many friends of Mr. Kay Sarsenen are glad to see him out again after having had his arm broken.

Mr. Larnes Byrne, Maine, paid a visit to Earncliffe the guest of his sister, Mrs. Joseph Morrissey.

The many friends of Miss Elsie McInnis are sorry to hear she met with a painful accident and hope for her speedy recovery.

Warns Against Railway Strike

(Canadian Press) MONTREAL, Oct. 10.—Warning that railway employees should take no action to wreck the machinery of the Industrial Disputes Act was given today to members of the Brotherhood of Railway and Steamship Clerks by Lynn B. Spenser, K. C., Chairman of a board of conciliation appointed to hear a dispute between the Brotherhood and the Canadian Pacific Railway.

Will Reconstruct Pier 2, Halifax

OTTAWA, Oct. 10.—Immediate reconstruction of Pier No. 2, Halifax, destroyed recently by fire has been decided on by the Government. Authorization for the work has been made in an Order-in-Council now approved. Tenders for the rebuilding of the pier will be called for without delay. It is expected that the new pier will cost in the neighborhood of \$360,000. The work will be carried on under the direction of the Department of Marine.

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