

MUCH NEW LIGHT THROWN ON RATES

Julius Kruttschnitt, S. H. Babcock
And Stephen H. Love Answer
Volleys of Queries.

ARE FOCUSED ON BABCOCK.

All of the Railroad Attorneys Take a
Tense and Living Questions at Com-
mercial Club Commissioner.

The case of the complainant in the
rate hearing before the Interstate com-
mission was temporarily
postponed after the conclusion of the tes-
timony of Stephen H. Love, traffic
manager of Z. C. M. I. yesterday after-
noon. Judge Dillard, for the petitioners
said he expected to have some more
evidentiary evidence to submit at a
later date, but outside of that the case
of the traffic bureau was completed with
the testimony already introduced.

The first witness placed on the stand
by the defendant roads was Julius
Kruttschnitt, director of operation and
maintenance of way of the Harriman
system. The case of the defense was
opened by Judge F. C. Dillard, who
made a brief statement to the commis-
sioners submitting figures of the cost
of the Union Pacific, Oregon Short Line
and Oregon Railroad & Navigation
company, considered as one road. From
the statement of Judge Dillard it was
seen that the railroad rely on statistics
submitted to show that the rates
now in effect are as low as it is possible
to make them, and still yield a return
to the roads on the Missouri river of
1 per cent. The line of cross-question-
ing adopted by Judge Dillard all
through the examination seemed to be
directed toward the showing that the
commodity rates established by the rail-
roads were paying a greater return upon
the capital invested than were the rail-
roads upon their capital.

COST OF CONSTRUCTION.

Judge Dillard introduced statements
of cost of construction of the new lines
since the reorganization of the roads
in the '90's, to show the amount
of money invested. He said the value
of the three roads in 1894 was \$327,836,
\$242. Afterward more money was put
into the companies, and the figures
rose to \$318,822,219.76. When asked
by Commissioner Prouty just what
these figures represented, Judge Dillard
replied: "This \$318,822,219.76 is the
cost of the roads. It means that if you
took them back to the original cost, you
would find that they cost \$318,822,219.76
less the amount of depreciation, and
from this what rates should be charged."

When Mr. Kruttschnitt took the
stand he testified to the correctness
of the figures submitted by Judge Dil-
lard and read from large pages of fig-
ures showing the cost of construction of
new lines built by the Harriman sys-
tem in recent years. The witness said
that the cost of building a new road
had ranged from \$45,000 to \$90,000, and
even as high as \$1,117,000 per mile. Mr.
Kruttschnitt in answer to a question
by Commissioner Prouty, said the
figures and records of cost as sub-
mitted were open to inspection by the
commission for any representative
of the companies, which were said to be
copies of the cost figures in the office
of the auditor of the railroad company.
Mr. Kruttschnitt was on the stand
when adjournment was taken until this
morning.

RAKING UP THE PAST.

At the conclusion of the cross-exami-
nation of S. H. Babcock, who was on
the stand the greater part of the day
yesterday on behalf of the traffic bu-
reau, by Judge Dillard of the Harri-
man system, the witness was taken
off by E. N. Clark, general attor-
ney for the Denver & Rio Grande rail-
road. The questioning by Mr. Clark
was of peculiar interest from the fact
that Mr. Babcock was for many years
connected with the Rio Grande West-
ern and the Denver & Rio Grande in
various capacities, and for a long time
as traffic manager. Attorney Clark
confronted Mr. Babcock with his sworn
testimony given at another hearing
before the Interstate commerce com-
mission in the case of the Colorado
Midland case, at Leadville in 1902,
when Commissioner Prouty, then in
charge, presided at the hearing. Mr.
Clark said:

"Mr. Babcock, doesn't the complaint
in this case contemplate, and do you
not contemplate, the elimination of
the matter of competition between car-
riers reaching Pacific coast points, and
do you not contemplate that on a mile-
age basis the rate to the Pacific coast
terminal from Chicago and east there-
of is a reasonable rate?"

Mr. Babcock—The rate we have sug-
gested on a mileage basis to Utah?

Mr. Clark—Yes, to Pacific coast
terminal, and do you not now assume
that the rate to Pacific coast terminals
is a reasonable rate?"

Mr. Babcock—From Chicago?

Mr. Clark—Yes.

Mr. Babcock—My view is that the

class rates are very high rates, ex-
ceedingly remunerative. I also hold
that all of the commodity rates, so far
as I have observed, are remunerative
rates.

Mr. Clark—Are you aware that, dur-
ing the last fiscal year, the Rio Grande
company transported from Missouri
river points and points east thereof
into Utah territory east of Utah com-
mon points, less than \$10,000 worth of
freight?

Mr. Babcock—I don't know what
they did that year, Mr. Clark, but I
know in the past you have transported
great deal less than that, to Utah
territory, from Missouri river points,
Schofield and from Thistle Junction
to the Utah-Colorado boundary was
practically barren of traffic, either local
or through.

Mr. Clark—From common points?
Mr. Babcock—From Utah common
points, I endeavored a number of
times to get into the freight in that
neighborhood, but the Denver & Rio
Grande people seemed to be there
first.

Mr. Clark—But is it true that there
is a very considerable consumption
of commodities in the territory east of
Utah common points?

HAS GROWN VERY MUCH.
Mr. Babcock—I understand that that
has grown very much since my time
there.

Mr. Clark—And if, as a matter of
fact, the Rio Grande lines transported
less than \$10,000 worth of freight into
that territory, from Missouri river
points and points east thereof, that
territory must be supplied from Salt
Lake City.

Mr. Babcock—With very few excep-
tions. That traffic was so light, even
with all of our efforts to build it up,
there was practically nothing, because
there were no people there. We used
to try to send stuff down south of
Thompson Springs and closer, and we
despaired at that time and did in a
number of instances make a blanket
rate of 25 cents on anything that they
put into the car to try to get into that
territory, but never could succeed in
competing with the Denver & Rio
Grande system.

Mr. Clark—Assuming that Salt Lake
Jobbers do cover territory in Utah
east of Utah common points, what
would be the effect upon the jobbing
trade of Salt Lake City of reducing
rates both east and west from Missouri
river and east to mileage basis?

Mr. Babcock—What would be the ef-
fect on the trade down there?
Mr. Clark—The effect upon jobbers
here.

Mr. Babcock—I haven't considered
that aspect at all. My efforts were
directed to through rates entirely,
and I hadn't given any consideration
to the question of distributive basis.
I felt that to be idle and a waste
of time until it was determined what
any new rates would be when they
are put in operation. At that time
that question would probably come
up.

Mr. Clark—Utah exports very con-
siderable quantities of fruit, grain and
cattle, etc., does it not?
Mr. Babcock—Yes, those goods are
put up here and the Rio Grande and
the Union Pacific road have railroads
to haul it. This is a question of
market competition, and the figures
submitted by the roads make such
rates as will take that stuff to the
markets.

Mr. Clark—That condition will in-
volve a departure from your mileage
rates.

Mr. Babcock—The mileage basis was
for class rates. I don't undertake to
say that everything should be govern-
ed by a mileage basis.

Mr. Clark—A little further in re-
lation to the value to carriers of this
long distance haul and transconti-
nental traffic, I think you were a witness
before the commission in the case of
Leadville board of trade against
Colorado Midland Railroad company
and others in a case where there was
a hearing at Leadville, Colorado, in
June, 1902, and at that time you
were an employee of the Rio Grande
Western road.

Mr. Babcock—Denver & Rio Grande.
Mr. Clark—And as I understand you,
you entertained the view you here express with reference
to the value of this transcontinental
traffic.

Mr. Babcock—I don't remember.

LOVE SUBMITS FIGURES.

The testimony of Stephen H. Love,
traffic manager for Z. C. M. I., was
among the best produced from the
standpoint of the shippers of the state,
and went far toward showing that the
rate of freight is of great importance
in fixing the cost to the consumer of
the necessities of life. According to
the figures submitted by Mr. Love, the
rate of freight constitutes 39 per cent
of the cost of the articles mentioned.
In comparing the rates charged by
the railroads to Utah points and those
charged by the same roads to Pacific
coast points, Mr. Love said that the
goods shipped from the Atlantic sea-
board to the Pacific coast were charged
much in excess of the total rate that
a Pacific coast merchant would have
a right to pay.

Mr. Love was asked about the service
given by the railroads. He referred to
the statement of Mr. Derrah, that the
schedule time of freights on the Den-
ver & Rio Grande was about four and
one-half days from the Missouri river
and Omaha, and said he thought Mr.
Derrah intended to say four and a half
weeks.

Mr. Dillard asked the witness whether
he would be satisfied with a blanket
rate to San Francisco and Salt Lake,
and the witness said he, personally,
would be satisfied with such a rate.

"Would that be a just rate?" was
asked.

"I can't say that it would."

MATTER OF DIVIDENDS.

Atty. Dillard asked the witness if he
knew the amount of dividends paid by
the banking institutions in this sec-
tor. Mr. Love responded that he did
not know.

Mr. Dillard then read an extract from
the Deseret News announcing that Z.
C. M. I. had just declared a semi-an-

nual dividend of 6 per cent, and asked
Mr. Love if it was true that Z. C. M.
I. paid an annual dividend of 12 per
cent.

"That is true of the last two or three
years," answered the witness. "The
number of years since the following
the panic no dividend at all was paid,
and then 6 per cent, 8 per cent, and
finally the old rate of 12 per cent was
reached again."

Asked if he believed the railroads
were entitled to 12 per cent on the
money invested, Mr. Love said he
thought a private institution, subject
to many more risks and much more
competition than a railroad, was en-
titled to something more than a rail-
road, which is a quasi-public institu-
tion.

"Then you think," said Mr. Dillard,
"that the private institution should be
allowed to pluck the people on the one
hand and the railroad on the other?"

"I did not say that at all," replied
Mr. Love.

Mr. Pierce, attorney for the Rock Is-
land, asked Mr. Love if he would be
satisfied with the consequences of
having a probable readjustment of
rates, in case that readjustment should
result in the shutting out of Salt Lake
Jobbers from the territory which they
now cover. Mr. Love replied that the
Jobbers were willing to take their
chances on lower rates, whatever the
consequences might be.

Mr. Clark—I will read this, "Com-
missioner Prouty—That shows that the
transcontinental business is a profitable
business." "Mr. Babcock—We want all
the business we can get, but if our
earnings were all measured by our por-
tion of the through rates, I think the
property would land in the hands of
a receiver speedily. The earnings of
the roads are not 45 per cent. That is
what makes the line particularly val-
uable; it is the local traffic." I will
ask you if that is not quite inconsisten-
t with the statement you make of the
value of the relative values of these
two classes of traffic?

TRANSCONTINENTAL TRAFFIC.

Mr. Babcock—Transcontinental traf-
fic we were always glad to get, al-
though our share of the rate was very
small. Take the rate from San Fran-
cisco to the Missouri river, after mak-
ing the reduction for the Missouri river
bridge or San Francisco bay, the Rio
Grande Western had 16.2 per cent of
the rate. We had most of that. The
traffic from Ogden to Grand Junction
at rates that paid us from \$15 to \$18 a
carload. There was a time during the
citrus fruit traffic in California when
we were hauling cars one way loaded
and one way empty, our net revenue
being reduced on account of the extra
mileage on a car, was about \$14 a car-
load. We had a very good business
when we nursed as well as we could
at a high scale of tariff rates, which
I established myself. They were high
because the Rio Grande Western was
a small company and it was of the
utmost importance and absolute ne-
cessity that we gather up every dollar
that we could get. The cost of prop-
erty are not today as they were then.
It is now a part of one of the
greatest systems in the country, call-
ing for generally the best material.

Mr. Clark—Then, in your judgment,
the question of long distance haul be-
ing more or less valuable to a railroad
property than shorter hauls depends
upon whether or not it is part and por-
cel of the transcontinental system?

Mr. Babcock—No, the rates as they
exist now, as I understand, where the
carriers receive the full payment of the
regular tariff rate, I could imagine that
there is no portion of that traffic which
would not yield fair returns to the
Rio Grande Western for the same
haul.

Mr. Clark—Do your mileage basis
rates take into consideration physical
difficulties in the operation of a road?

Mr. Babcock—In such case it can
stand its own disabilities.

Mr. Clark—in your judgment, unless
it can meet the rate that the lowest
operated road can probably pay, the
effect it should be forced out of busi-
ness, regardless of the communities
which may have grown up along the
weaker line, and the business interests
that have developed?

Mr. Babcock—The basis of rates is
arranged between the lines, as I said.
Mr. Clark—And as I understand you,
it is not helpful in the matter. If the
Union Pacific should put in an unjust
rate they would have a right to fight
back. As far as I know, the through
rates of today are maintained upon a
basis which forms a reasonably
remunerative revenue to the Denver &
Rio Grande.

Mr. Clark—But the question is, what
should the commission do in a case in-
volving lines of these two characters?

Mr. Babcock—So far as this com-
mission is concerned, and the rates
asked for, I believe that any of these
rates or the division of these rates
would afford remunerative revenue to
the Denver & Rio Grande for its haul
from Salt Lake or Ogden to Denver.

Mr. Clark—What do you consider a
fair per ton mile rate?
Mr. Babcock—Depends upon the dis-
tance, what the volume of traffic is, I
could not say arbitrarily what the rate
per ton should be to be remunerative
to the Denver & Rio Grande upon any
particular line without reference to the
rest.

COMMODITY RATES.

Commissioner Prouty then propound-
ed a few questions to Mr. Babcock
with the purpose of determining, in
case the commission decide to make a
reduction in rates, what would be sat-
isfactory to the shippers of Salt Lake.
He asked:

"You have referred in this case to the
class rates and a great number of
commodity rates. Your testimony in
class rates has been explicit. You have
referred to no particular commodity
rate. Do you think the commission
would be justified in establishing a
commodity rate without any reference
to individual commodity rates referred
to in your complaint? In other words,
is any particular commodity in your
complaint, that understanding of the en-
tire situation, that justify us in re-
ducing the commodity rate? If we
came to the conclusion that some re-
duction should be made?"

Mr. Babcock—Proposition was in no
case higher than the transcontinental
rate, and that certain rates as specified
there should be based on the mileage
proposition, but with the transconti-
nental rate as a maximum in all cases.

Commissioner Prouty—Take the first
item. Should a reduction in that rate
be the same as the reduction in these
other commodity rates?

Mr. Babcock—The commodity rate, I
think, is \$1.25.

Commissioner Prouty—The transcon-
tinental rate from Mississippi river is
\$1.20, your rate is \$1.25, the rate you
ask for is 20 cents. From the Missouri
river the transcontinental is \$1.20, your
present rate is \$1.60, the rate you ask
for is 80 cents. Do you think the com-
mission from the testimony in the
case, can tell you with the commodity
rates, without any evidence, as to
each commodity? Is there any differ-
ence between the commodities or are
they all governed by the same consid-
eration?

Mr. Babcock—By the same general
plan. That is, the rate being fixed
from Missouri river to Utah of 66 per
cent of the rate from Missouri river to
San Francisco, then the rate to Chi-
cago 116 per cent of the Missouri river
rate.

Commissioner Prouty—Suppose the
commission should proceed on that
theory, but nevertheless were convin-
ced you were entitled to a reduction,
would the general principle be safe
for us to act upon in reducing the com-
modity rates?

Mr. Babcock—Our idea was that
these were merely suggestions on our
part and that the commission would
give consideration to each individual
case as they appear.

Commissioner Prouty—How are we
going to give consideration to a par-
ticular commodity unless we have some
testimony about it? Why I think the
commission will do at Spokane, where

we are confronted with a somewhat
similar situation, is to take several
items and call particular attention to
those items; may be not introduce any
testimony about each one, but ask
whether there is anything peculiar in
reference to that item.

Mr. Babcock—I think the general
plan should be applied to them all. I
do not know that there is anything
peculiar about any of them.

THE BIG FIRE AT SUGAR
Has not put Hampton Coal Co. out of
business. Will deliver orders promptly
as usual. Phone 432.

DANCING SOCIALS
At the Odeon, Tuesday, Thursday and
Saturday evenings.

Hamlin Paints Signs of the Better
Kind. Both phones.

A-Y-P EXPOSITION RATES,
Via Oregon Short Line R. R.
\$25.00 from Salt Lake to Seattle and
return; on sale daily commencing June
1st. Ask agents for further particu-
lars.

The Auerbach Store not Open Tomorrow till 6 o'clock, Jewish Holiday

Thousands of Unparalleled BARGAINS

for Saturday Night from 6 to 10 o'clock.

Every item printed in this ad represents the Greatest Bargain—the most sensational Underpricing Ever Known in the Merchandising world. Your dollar Sat. night has a double buying power.

Saturday Night
from 6 to 10
o'clock

In Our
Linen
Department

500 yds. Bleached
Table Damask
60 inch wide
in Morning Glory,
Dahlia, Rose, and
Wild rose and
lily designs. Val-
ue 40c—4 yds. to
customer at per
yd.—

22c

ESTABLISHED 1864

The Auerbach Store

ONE PRICE TO ALL NEVER UNDERSOLD

SATURDAY NIGHT FROM 6 TO 10 O'CLOCK.

LIMIT 2 BARS TO A CUSTOMER

5c **5c**

KIRKS JAP ROSE TOILET SOAP

THE SOAP YOU KNOW. THE SOAP YOU LIKE.

The soap you never bought for less than 5c a bar. Goes here to-night 6 to 10 o'clock at a bar.

LIMIT 2 BARS TO A CUSTOMER.

SATURDAY

In Our Shoe Department
From 6 to 10 o'clock.

Infants' Kid Shoes with spring
leather, sizes 2 to 5, at
per pair..... **65c**

SATURDAY

In Our Shoe Department
From 6 to 10 o'clock.

Children's Kid Shoes with exten-
sion sole, sizes 5 to 8,
at, per pair..... **95c**

SATURDAY

In Our Shoe Department
From 6 to 10 o'clock.

Children's Kid Shoes with double
soles, sizes 5 to 11, at,
per pair..... **\$1.20**

SATURDAY

In Our Shoe Department
From 6 to 10 o'clock.

500 Hemmed
Seamless
Bleached
Bed Sheets

2 1/2 yds. long
and 24 yds. wide.
Value 85c 4 to a
customer at ea—

53c

SATURDAY

In Our Shoe Department
From 6 to 10 o'clock.

Misses' School Shoes in lace or
button, sizes 1 1/2 to 2, **\$1.35**
at, per pair.....

SATURDAY

In Our Shoe Department
From 6 to 10 o'clock.

Young Ladies' Low Heel Shoes—
sizes 2 1/2 to 6—at,
per pair..... **\$1.95**

SATURDAY

In Our Shoe Department
From 6 to 10 o'clock.

100 pair of
the heaviest
and best
White Cotton
Sheet
Blankets

12-4 size—meas-
ure 72 by 90 in.
Value \$3.00. One
pair to a customer
at, a pair—

\$1.88

SATURDAY

In Our Shoe Department
From 6 to 10 o'clock.

Boys' Shoes—sizes 2 1/2
to 6—at, per pair..... **\$1.35**

SATURDAY

In Our Shoe Department
From 6 to 10 o'clock.

Boys' Shoes—sizes 2 1/2
to 6—at, per pair..... **\$1.65**

SATURDAY

In Our Shoe Department
From 6 to 10 o'clock.

Ladies' Kid Shoes, ex-
tension sole, at, per pr..... **\$1.95**

SATURDAY

In Our Shoe Department
From 6 to 10 o'clock.

Ladies' Kid Shoes, ex-
tension sole, at, per pr..... **\$1.70**

SATURDAY

In Our Shoe Department
From 6 to 10 o'clock.

Ladies' House Slippers—
elastic sole, per pair..... **\$1.50**

SATURDAY

In Our Shoe Department
From 6 to 10 o'clock.

Ladies' House Slippers—
elastic sole, at, per pr..... **\$1.45**

SATURDAY

In Our Shoe Department
From 6 to 10 o'clock.

Children's natural grey Jersey
ribbed lined Union Knit Regular
price up to 40c a pair. On sale to-
day, 6 to 10 o'clock, on sale to-
day, 6 to 10 o'clock, at, per pair..... **25c**

Saturday night
from 6 to 10
o'clock

\$3.00 SWEATER

COATS \$1.49

A very limited
quantity of elegant
sweater coats for
ladies and misses in
white or navy. Worth
\$3.00 Saturday
night for four
hours they'll
go at each—

\$1.49

Saturday Night
from 6 to 10 o'clock

An extra
special col-
lection of
newly ar-
rived Tail-
ored Suits
and elegant
Street
dresses, of
Broadcloth,
serge and
worsted
materials,
all strictly
man tail-
ored, new
long coats,
new killed
skirts, all
shades and
sizes. Worth
\$20. Saturday
night for
four hours
they'll go
at each—

\$17.75

SATURDAY NIGHT
from 6 to 10 o'clock

**\$2.00 Tailored
WAISTS 98 cts**

Tailored Waists of extra good
quality madras, boiseita, and satin,
in white and
colors, pretty
stripes, and
checked pat-
terns in sat-
teen. Worth
fully \$2.00, for
4 hours Sat-
urday they'll
go at each—

98c

SATURDAY NIGHT
from 6 to 10 o'clock

**\$5.00 Children's Coats
and Dresses \$2.49**

Children's coats of fine broadcloth,
in all colors and in sizes from 2 to
children's.

Dresses of
handsome
materials
to plain, neat
Peter
Thompson
dresses of
fine hair
line serge
in navy and
garnet.
Worth up to
\$5.00.
Saturday
night for
four hours
they'll go
at each—

\$2.49

SATURDAY NIGHT
from 6 to 10 o'clock

\$1.98

25 BOYS' CAPS, ASSORTED
PATTERNS, and plain
colors, go at each—

SATURDAY NIGHT
from 6 to 10 o'clock

40 BOYS' FLEECED
LINED UNDERWEAR at **23c**

SATURDAY NIGHT
from 6 to 10 o'clock

12 1/2 MEN'S HEAVY WOOL
DRAWERS, sizes 30 and
32, special at **65c**

SATURDAY NIGHT
from 6 to 10 o'clock

49c

35 pieces of all
wool colored Bat-
iste 40 in. wide
very fine quality
suitable for even-
ing wear, street
dresses and
waists in colors
light blue, pink,
helle, and rose
grey, Alice and
cream, also black
and cream. Regu-
lar value 50c. On
sale Saturday
evening from 6 to
10 o'clock at the
special sale price
per yard—

SATURDAY NIGHT
from 6 to 10 o'clock

11-4 size—meas-
ure 72 by 82 in.
Weight 1 lb. One
pair to a customer
at, a pair—

\$5.85

SATURDAY NIGHT
from 6 to 10 o'clock

59c

11-4 size—meas-
ure 72 by 82 in.
Weight 1 lb. One
pair to a customer
at, a pair—

SATURDAY NIGHT
from 6 to 10 o'clock

11-4 size—meas-
ure 72 by 82 in.
Weight 1 lb. One
pair to a customer
at, a pair—

SATURDAY NIGHT
from 6 to 10 o'clock

48c

11-4 size—meas-
ure 72 by 82 in.
Weight 1 lb. One
pair to a customer
at, a pair—

SATURDAY NIGHT
from 6 to 10 o'clock

11-4 size—meas-
ure 72 by 82 in.
Weight 1 lb. One
pair to a customer
at, a pair—

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An exposition of the new fall styles from
the fashion center of America.

Begins Tomorrow

The important features are Benjamin
Clothes—the kind New York's best dress-
ers wear

SUITS \$18 to \$40

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New Store, 245 South Main Street.

Saturday Night
from 6 to 10
o'clock

Outing Flannel
GOWNS

Best to Value
6 at 59c
Ladies blue or
pink striped flannel
gowns, cut full
length and extra
wide, the best ex-
tra. Value, on sale
Saturday from 6
to 10 o'clock at—

59c

Saturday Night
from 6 to 10
o'clock

Ladies' Union
Suits

Best \$1.00 Grade
9 at 69c
Pure white, fine
ribbed cashmere
lined Union
suits. All Ladies
Suits. The very
best \$1.00 Value
on sale Saturday
6 to 10 o'clock at
each—

69c