

Significance Behind
Judge Baltzell's
Ruling.

BY VINCENT LYONS
Times Financial Editor

UNDER the ruling handed down last week by Judge Robert C. Baltzell establishing a valuation of \$21,393,821 for the properties of the Indianapolis Water Co., and fixing 6 per cent as a fair rate of return, the chief item of concern to the water consumer was whether rates were to be lifted. As Judge Baltzell failed to hold the present charge confiscatory, the assumption is that no change will be made.

Behind this peremptory factor, however, are several circumstances which, when subjected to analysis, allow the consumer to appreciate Judge Baltzell's ruling in its full significance. For instance, fair return is a meaningless term to the user of water until he realizes that the rate of return allowed in effect fixes the rates which the company pays.

Using the Federal judge's dual-finding as a basis, the company is entitled to earn 6 per cent on its valuation of \$21,393,821. This would amount to \$1,283,629 annually. Now if the fair return had been fixed at 7 per cent on the same valuation basis the company would be entitled to earn \$1,517,567, or a difference of \$233,938.

As the company derives its earnings from the sale of water, the \$233,938 resulting from the spread between a 6 and 7 per cent return would in the long run come out of the consumer's pocket-book. If existing rates were insufficient to allow the company these earnings then rates would have to be jacked up to the point where they would yield the stipulated sum.

Judge Baltzell's decision is far from the mark desired by the Indianapolis Water Co. The company had estimated the value of its property at approximately \$28,000,000 and had contended that a fair rate of return on this would be between 7 and 8 per cent. Using 7½ per cent, this would mean an annual return of \$2,240,000, or \$956,000 more than is allowed under Judge Baltzell's ruling.

The water company's request for a return of somewhere between 7 and 8 per cent seems to be distinctly out of line with current money market conditions. With corporations able to finance on an average basis of around 4 per cent and bond market yields almost to the vanishing point the water company's suggested fair rate of return is ill-timed.

Employment Increases

Employment, up about 16 per cent, registered one of the best showings of any section. Neither the 13 per cent improvement in retail trade nor the 12 per cent advance in installment sales was outstanding, but the 20 per cent expansion in farm income was among the best reported for any section reviewed.

Although the Middle Western business man is reported as skeptical of the Administration's policies, he is on the whole optimistic rather than uncertain, although his hopeful outlook is not generally shared by the "man on the street," the questionnaire disclosed.

The business man in this section of the country does not consider continued government spending necessary to maintain business at its present rate, and reports that the demand for government credit is "negligible," as bank credit is generally available to good borrowers.

Water company earnings as a general rule are the essence of stability. Revenues per customer from year to year remain about the same as water is the one commodity which outranks gas and electricity in its utility. The very nature of water probably explains the fact that a large number of water systems throughout the country are municipally owned.

It is too early yet to forecast whether the ruling handed down by Judge Baltzell will write finis to the episode. This probability rests with executives and counsel of the Indianapolis Water Co.

RETAILERS TO FIGHT WHOLESALE CODES

Propose to Take Action Through Federal Trade Commission.

By United Press

NEW YORK, Oct. 7.—Retailers are planning to take action, through the Federal Trade Commission, against national manufacturing firms who, through member agreements, continue to operate under "oppressive" provisions of the NRA codes, it was announced today.

This became known through a report filed at a meeting of the National Retail Dry Goods Association board of directors.

Following filing of the report, the association charged that such manufacturer agreements are contrary to the anti-trust laws and such agreements are "monopolistic" on the grounds that they fixed prices, terms and marketing conditions.

WHEAT ESTIMATE OUT

Canadian Yield Seen Between 272 and 284 Million Bushels.

By Times Special

MONTRAL, Oct. 7.—Wheat threshing is nearing completion in the Prairie Provinces of Canada, except in Northern and Central Alberta, although harvesting operations have been delayed by unsettled weather, the current crop report of the Bank of Montreal, pointed out today.

Recent estimates from authoritative quarters, the bank declared, place the approximate yield at from 272 to 284 million bushels, the crop varying greatly as to grade.

Unlisted Stock

(By Blithe & Co., Ind.)

NEW YORK BANK STOCKS.

Bidders and Askers
Central Hanover B & T. 108½ 108½
Chemical National 30½ 30½
Guaranty 205½ 205½
Ind. 13½ 15½
Manufacturers 13½ 15½
National City 27 29
C. C. (Chicago) 61½ 64
First Natl. Bank 37½ 39½

FEED INSURANCE.

Aetna Fire 55½ 56½
City of New York Ins. 55 56½
Federal Ins. 27 28
Great Western Ins. 76½ 80
Hanover Fire Ins. 25½ 27½
Harford Fire 75 76½
Manufacturers 32 33½
Ins. Co. of America 72 74
North River Insurance 25 27½
Phoenix Insurance 25 27½
U. S. Fire 51½ 53½
Westchester Fire 33½ 35½

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SURVEY SHOWS NATION MOVING TOWARD GOAL

Miscellaneous Indexes Reveal Improvement Over 1934 Period.

By Times Special

NEW YORK, Oct. 7.—America obviously is in the process of steady recovery, Fenner & Beane, leading brokerage and commodity house, declared today on the basis of answers to a questionnaire sent to more than 40 branch offices throughout the country.

Manufacturing, the survey indicated, has shown distinct improvement which varies from 5 to 21 per cent. Heavy industry recorded a somewhat large recovery, now standing at levels from 8 to 30 per cent above last year.

Bankers Willing to Lend

Bankers are willing to lend money to responsible borrowers and credit is rea dy to flow into commerce and industry when needed, the survey declares. Employment in the sections reviewed has been stepped up anywhere from 10 to 25 per cent, while retail trade has been showing gratifying improvement, now ranging from 13 to 21 per cent above last year.

The average business, the survey disclosed, is on the whole much more inclined to be optimistic than not. Reports indicate, however, that there is still much uncertainty, particularly in the case of the "man on the street," who is confused and apparently as yet uncertain as to his hope is.

In the Middle Western states, the survey shows that volume of manufacturing and the heavy industries up 21 per cent and 30 per cent, respectively, revealed greater gains than in other sections, having benefited from the pickup in agricultural equipment, machine tools, automobiles and auto accessories and steel.

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Harford Fire 75 76½
Manufacturers 32 33½
Ins. Co. of America 72 74
North River Insurance 25 27½
Phoenix Insurance 25 27½
U. S. Fire 51½ 53½
Westchester Fire 33½ 35½

Record Yield, Importations From Hungary Lift Italy's Wheat Reserves to New Peak

By Times Special

NEW YORK, Oct. 7.—Italy this year will have the largest supply of wheat on record, according to a statement issued today by the Royal Italian Embassy here. The domestic crop is being augmented by payments in grain by Hungary of her arrears in trade liabilities, it was pointed out.

"Crop reports for 1935 from the Italian Ministry of Agriculture and Forestry reveal that a record wheat crop of 282,863,900 bushels has been harvested from the 12,416,000 acres under cultivation, a record yield of 22 bushels per acre," the statement said.

Hungary has arranged to ship about 8,000,000 bushels of grain to Italy through a trade agreement whereby Italy accepts the grain in payment of Hungary's trade arrears.

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COASTAL LINES RAISE RATES 10 PER CENT

Shipping Costs Increased Despite Many Protests.

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