

RAINEY RENEWS KEOKUK CHARGES

In Reply to Letter Sent Him By C. R. Joy, Illinois Congressman Reiterates Many of His Former Statements.

HE IS WRONG AS USUAL

Wants Government Control and Will Renew His Fight in the House This Week—Denies He Is a Tool.

In a letter to C. R. Joy, president of the Keokuk Industrial Association, Henry T. Rainey of Illinois renews his allegations of alleged abuses in the operation of the Mississippi River Power Co. In his reply to Mr. Joy, Rainey reiterates many of the statements made by him in former letters and public statements. In fact nearly all of the statements made have appeared before in committee hearings, in the press or through personal correspondence so there is not much in his letter that is not already familiar to the readers of this paper. In order to give both sides to the controversy the letter of Mr. Joy to Mr. Rainey and the reply are published herewith:

Mr. Joy's Letter to Mr. Rainey. Keokuk, Iowa, April 21, 1914.

Hon. Henry T. Rainey, House Offices, Washington, D. C.

Dear Sir: In interviews with representatives of the newspapers and statements made before a committee of congress you have repeatedly attacked the Mississippi River Water Power company, whose hydro-electric power plant and dam is located at this place. Your statements have been of a nature to greatly injure the future development of this city and other cities within the power zone and many of these statements are not based upon facts, and as the truth will finally be known, regardless of whether an investigation is ordered by congress or not, the reiteration of these statements by you will inevitably injure you, as well as us, and for this reason we are presuming to address this letter to you.

Electricity for power plants is not transmitted by wireless, and rates only in Keokuk and Hamilton, located by the power plant, and cities on the transmission lines of the company, at present running from Burlington to St. Louis, can be in any way affected by the development of the power here. To suggest anything else is ridiculous.

The Mississippi River Water Power company does not own or control any of the local distributing companies in the power zone.

The contract with the St. Louis distributing company to take 60,000 h. p. was made years ago, before the plant was built. The terms were made public at the time, and had not a revenue been guaranteed through the making of this or a similar contract this money could never have been secured to build the dam.

Practically every large user of power in the cities on the transmission line between Burlington and St. Louis, heretofore using steam, has discarded its power plant and contracted with the Mississippi River Water Power company. No business man who is not a fool, would do this unless it was to his advantage.

The Water Power company does not serve directly any industry having less than a 50 h. p. connected load. The smaller consumers are all served by local companies. A large part of their charge is for service and

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overhead expense. The cost of the current at the switchboard is a small part of the total expenses of the local companies, and if the electricity was given them by the power company it could not make a great difference in their charge to the consumer.

In Keokuk where the local company formerly charged for light 15c per kilowatt, down to 10c, according to the quantity used, their present rate starts at 10c and runs as low as 2c, according to the quantity used. Their former power rates were from a maximum of 8c to a minimum of 4c, according to the quantity used. Their present rates are from a maximum of 5c to a minimum of 1c, according to the quantity used. There is not a user of power in Keokuk who is not securing it at much less cost than before the power plant of the Mississippi River Water Power company was completed.

When dealing direct with a consumer using 50 h. p. or more, the Water Power company has furnished exceedingly low rates. We secured a quotation for a plant seeking a location at Keokuk of 6.8 mills per kilowatt. A proposed new industrial plant reports to us that upon investigation it finds that the difference between the power rates furnished them at Niagara and at Keokuk will make them a net saving by locating at Keokuk, of \$13.02 per day, or 20 percent of its power cost. Whenever we have secured a quotation on power rates for prospective industries it has invariably been satisfactory.

We enclose a copy of an article published recently giving some figures which may be of interest to you along this line.

Navigation has been greatly helped by the building of this dam. It formerly required two hours for a river boat to pass through the canal and the three locks. The time occupied now by these same boats in going through the present lock is approximately fourteen minutes. Heretofore the government had to keep open a channel at great expense, where there is now a lake. Whenever navigation has been in any way affected the war department has had the last word, and has fully protected navigation interests. The three old locks were in bad shape and would soon require rebuilding. Without expense to the government, a magnificent new lock has been built for it, and a dry dock greatly surpassing the old one in every way.

The government pays nothing for light of power. A 500 h. p. individual, separate and independent power plant was installed in connection with the lock and dry dock and turned over to the government, free of cost,—in fact, the government, by the use of this power plant, has been furnishing compressed air to the Mississippi River Water Power company this winter and has been paid for it, so that its power plant has been a source of revenue to the government.

Heretofore the government has had to either buy or furnish its own light, and it has used about two kilowatts. At the present time the Mississippi River Water Power company is furnishing the government with a lighting load of nineteen kilowatts for the lock and dry dock and the complete equipment for same, in addition to all the light needed at the offices of the government engineer. All this without cost to the government.

As soon as the filed in ground has settled properly, the Mississippi River Water Power company is required to

build shops, offices and other buildings for the use of the government officials stationed here to look after and superintend the lock, dry dock and other government works. These are to be erected under the supervision of government officials, and will be turned over to the government free of cost when completed. They greatly surpass in cost similar buildings formerly used by the government.

The resident army engineer is living in a small frame cottage. For many years the war department has intended to build a permanent residence for its local engineer. It has never been done, but stone was taken from the walls of the old government canal which can be used for this purpose, if congress makes an appropriation for the erection of the home. The statement accredited to you that one army engineer has secured a magnificent stone mansion from the water power company is absurd.

Apparently you are being used as a tool by those who, for personal reasons, would like to injure the Mississippi River Water Power company.

We would like to extend to you a most cordial invitation to visit Keokuk personally, and we will do everything in our power to make it possible for you to secure first hand information which will make you intelligent regarding the situation.

Respectfully yours, KEOKUK INDUSTRIAL ASSOCIATION.

C. R. JOY, President. O. B. TOWNE, Manager. Keokuk, Iowa, April 21, 1914.

Mr. Rainey's Reply to Mr. Joy. The following reply to Mr. Joy's letter was received this morning from Congressman Rainey and is published in full:

Mr. C. R. Joy, president, Keokuk Industrial Association, Keokuk, Iowa.

Dear Sir: Your communication of recent date arrived during my absence from Washington. Your letter has just been brought to my attention and I hasten to reply. I have just read it with considerable interest. Your association ought to be acquainted with the building and operation of the dam across the Mississippi river at Keokuk but from a somewhat careful reading of your letter I am led to the conclusion that, no matter how much you know about the subject, you are not presenting the matter fairly and truthfully in your communication to me.

The Mississippi River Water Power company has a most excellent publicity department. I know of no other public service corporation so well equipped. In your letter you inclose a copy of an article which you say was published recently and which gives some alleged facts on the subject. I have seen the article before. It was published first in the Burlington Hawk-Eye and the article was written by the publicity agent of the power company. Your organization had nothing to do with its publication. I note your statement that I am being apparently used as a tool by those who, for personal reasons, would like to injure the Mississippi River Water Power company. It is very evident to me that your association, under your management, is being used as a tool by the Mississippi River Water Power company. At any rate you have been particularly active and efficient in surrendering to this company the utilities of your city. Please oblige me by advising me whether this company now owns your street car lines and if they do, please advise me how many tickets a patron of your lines can now get for twenty-five cents. Also let me know how many tickets the same patron could obtain for the same amount before the company you so violently support acquired control of this important utility. I also wish you would inform me what persons or interests you think are using me as a tool in an effort to injure this company and the cities in the power zone.

I am fighting for lower rates and for a proper supervision by the government or the state of the activities of the Mississippi River Power company. The fight I am making is in the interest of consumers. The fight you are making is entirely in the interest of one of the great groups of the water power trust in the country. I am perfectly well aware of the falsehoods being published in the papers with reference to the fight I am making. They emanate, all of them, from the publicity department of the Mississippi River Power company, of which you and your organization have voluntarily made yourself a part.

In your letter you say that the government is not being charged for power with which to operate the locks, light the government offices, etc. The company can charge the government what it pleases under the franchise it obtained from congress and can commence, under the law, to make charges whenever it pleases, provided the law is not changed, and in placing its bonds abroad the company advertised, in effect, that upon the completion of its dam and as soon thereafter as it elected to do so it could charge the government for the power the government used at that point and it was insisted in the advertising matter circulated abroad that this would be done and would afford a considerable amount of revenue. The attention of the country, however, has been called so forcibly to this joker in the franchise under which the company operates that remedial legislation correcting the matter will be passed at the present session of congress.

I note your statement that navigation in the Mississippi river has been improved by the construction of the dam and by its operation. The state-

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ment you make is at variance with the statements of all the companies operating boats on that section of the river. The storage of water in the night time, without any authority of congress, the building of more in the forebay, without any authority of congress, simply shows the character of this great corporation and what it will do if it is permitted to have its own way, and your organization seems to be in favor of turning the river over to it to do with it what it pleases. The fight I am making has only just commenced and I propose to keep it up until the matters to which I am calling attention are remedied and in making this fight I am better representing the citizens of your own city than your organization is doing.

I know of no reason why the government engineer in charge at Keokuk should be furnished, at government expense, with a building made of cut stone in which to live. His services at Keokuk have been in the interests solely of the power company. He has recommended nothing that did not meet with the approval of the engineers of the power company. While he is supposedly to be there for the purpose of protecting navigation at that point and looking after the interests of steamboat companies operating on the river he has confined his energies toward promoting the interests of the company that built the dam.

I am reliably informed that the Mississippi River Power company, financially largely in England, has violated both the laws of Iowa and the laws of Illinois by paying dividends on its stock before it ever earned a dollar and before a single wheel was turned. If your organization is interested in the enforcement of the laws either of Iowa or of Illinois some of your activities could be profitably employed in the matter of calling the attention of the law officers of those states to such violations of the law as this.

I am surprised at the statement you make to the effect that power rates at Keokuk are much lower than they are at Niagara. I am prepared to furnish evidence that this statement is not true. Not long ago some citizens of Illinois, in connection with Chicago and New York capitalists, deceived by the statement made by representatives of the power company to the effect that power there would be much cheaper than at Niagara Falls, expended over \$10,000 in arranging for the location at Hamilton of one of the largest electro-chemical manufacturing concerns in the country, which would utilize something like 30,000 horse power. They planned for an investment of over a million dollars. After the plans were perfected, at a meeting of those interested held in New York City, the power company's agent advised them that he was only empowered to quote a rate of \$33 per horse power year. The original contracts of the company for power at Niagara were closed at ten dollars per horse power year and they were able to close another contract for additional power at Niagara for twelve dollars per horse power year. Representatives of the Stone & Webster interests advised this company that they did not intend to make rates as low as Niagara. This ended the negotiations and the city of Hamilton lost this investment.

I may say to you also that I know about the situation at Quincy, Illinois,

and about the efforts of that city to obtain power from the Keokuk dam and I know how the matter was finally settled. Quincy did not get the power.

I note your statement that the Mississippi River Power company does not own or control any of the distributing companies in the power zone. Of course it does not. I never charged it did. The interests, however, back of the Mississippi River Power company do control the distributing companies and no company not controlled by these interests is permitted to become a distributing company. There is in process of building in that section of the country the very strongest of all the water power groups.

It is true, as you state, that many users of power in the power zone have turned from steam to electricity. It is also true, as I know and as you ought to know, that many users in your vicinity are extremely dissatisfied and have protested against the increase in price to them of their power and are even now planning to go back to coal unless the power company modifies its present attitude.

I note your suggestion that the price of light and power has been apparently reduced in certain localities, although not in others. The consumers, however, do not think so. The printed list submitted to them shows the rates per kilowatt hour to have been decreased. It is a singular thing, however, that without exception they find that the meters have in some mysterious way been speeded up so that consumers generally are at the mercy of the power company.

I assure you I have not the slightest intention of injuring in any way the cities of Keokuk or Hamilton or any other cities in the power zone. I am making the fight in the interests of consumers here and I ought to have your support and not your opposition. Your organization ought to stand for the people in that locality and not for this law-defying trust. I note your solicitude as to me personally and your fear that I may be hurting myself. Please do not worry on my account. I assure you that I intend to keep up the fight along the lines upon which I have been proceeding until legislation is enacted in the interest of the people, not only of my section of Illinois, but in the interest of all who are likely soon to become victims of the great water power combinations of the country.

I thank you for your invitation to visit Keokuk. I hope it will be possible for me to accept. I am acquiring, however, a great deal of information with reference to the situation there which I am sure I could not get from you, even if I came to Keokuk for that purpose.

I send you in separate wrapper two or three copies of my recent address before the rules committee of the house and call attention particularly to the letters and memoranda which I have printed in connection with my address and which may be of interest to you. From the pamphlet you may be able to derive much information which your organization either does not now possess or if you are in possession of it, you have been exceedingly successful in suppressing it or at least in concealing from the public the fact that you are in possession of

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