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The Commonwealth of Massachusetts

ANNUAL REPORT

OF THE

Commission

OF THE

Department of Public Utilities

FOR THE

Year Ending November 30, 1938



DEPARTMENT OF PUBLIC UTILITIES
ANNUAL REPORT

Boston, January 12, 1939.

*To the Honorable Senate and House of Representatives
in General Court Assembled:*

We respectfully submit the Nineteenth Annual Report of the Commission of the Department of Public Utilities for the fiscal year ended November 30, 1938.

J. Burke Sullivan was appointed a Commissioner and designated as Chairman of the Department by Governor Charles F. Hurley on December 8, 1937. Mr. Sullivan resigned, effective August 3, 1938, to accept a position as Assistant Attorney General of the Commonwealth.

Francis M. McKeown was appointed Commissioner and designated as Chairman of the Department by Governor Charles F. Hurley on August 3, 1938, and took the oath of office on August 10, 1938.

The Commission, on December 15, 1937, appointed former Commissioner Leonard F. Hardy as Secretary of the Department to fill the vacancy caused by the death of Andrew A. Highlands.

RETURNS

The number of corporations, private and municipal, persons, firms and associations under the jurisdiction of and filing annual returns with the Department, exclusive of those filing under the Sale of Securities Act, is as follows:

Steam railroads	22	Electric companies	43
Street railways	19	Water companies	81
Telephone companies	14	Motor bus lines	6
Telegraph companies	3	Municipal lighting plants	41
Steamboat companies	2	Manufacturing and other companies do-	
Sleeping car companies	1	ing an electric business	4
Express companies	3	Voluntary associations	19
Gas companies	45	Affiliates of gas and electric companies	4
Total			365

In addition to the above there are under the jurisdiction of the Department 921 common carriers and 11,966 contract carriers operating motor vehicles for the transportation of property for compensation within the Commonwealth.

During the year the Commission held 761 formal hearings and many conferences. The volume and character of the work requiring the Department's attention during the fiscal year are shown by the following tabulation:

Petitions and Applications: Railroad, 219; street railway, 67; gas and electric, 118; water, 7; motor bus, 131; motor truck, 92; telephone and telegraph, 5; steamboat, 6; sale of securities, 28; miscellaneous, 10; total, 683.

Complaints: Railroad, 140; street railway, 6; gas, 158; electric, 512; water, 51; motor bus, 51; motor truck, 367; telephone and telegraph, 726; steamboat, 2; sale of securities, 1391; smoke abatement, 157; total, 3561.

Rate Schedules: Railroad, freight service, 1581; passenger service, 281; express, 116; street railway, 49; telephone, 27; motor bus, 77; motor truck, 248; electricity, 92; gas, 73; water, 4; gas and electric contracts, 285; total tariffs, 2833.

The appropriation for the Department and its expenditures for the fiscal year ended November 30, 1938, are given below:

Appropriations	\$383,224.97
Expenditures	331,025.90
Balance	\$ 52,199.07

The receipts of the Department for the same period are shown in the following itemized statement:

Gas, Electric and Water Division:		
Fees, gas meter tests	\$28,932.45	
Fees, electric meter tests	48.00	
Sales, blank forms and classification of accounts....	176.75	\$29,157.20
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Public Service Division:		
Motor Busses:		
Fees, bus permits	\$ 1,864.00	
Fees, drivers' licenses	3,341.00	5,205.00
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Miscellaneous:		
Fees, copies of documents	\$	
Sales, blank forms	21.40	21.40
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Commercial Motor Vehicle Division:		
Motor Trucks:		
Fees, common carrier certificates	\$ 350.00	
Fees, contract carrier permits	7,906.00	
Fees, brokers' licenses	120.00	
Fees, distinguishing plates	27,632.00	
Fees, copies of documents	105.50	
Miscellaneous	3.00	36,116.50
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Securities Division:		
Fees, registration of brokers	\$33,200.00	
Fees, registration of salesmen	16,070.00	
Fees, copies of documents	12.00	49,282.00
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Rent of Land, Brattle square, Cambridge (Cambridge subway).....		5,100.00
Miscellaneous:		
Reimbursement for damage to state car		6.00
Refunds on account of prior years		19.50
Postage, etc.		1.59
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Total		\$124,909.19

Financial statement verified.

Approved:

GEO. E. MURPHY.
Comptroller.

SPECIAL INVESTIGATIONS

Forty-six investigations have been made by the Department upon its own motion during the fiscal year ended November 30, 1938, the character of which is shown below:

Electricity, rates and charges	5
Gas, rates and charges	8
Water, rates and charges	1
Motor trucks, rates and charges	2
Motor bus, rates of fare	4
Railroads, freight rates	1
Railroads, passenger time-table changes	20
Telephone, rates and charges	2
Miscellaneous	3
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Total	46

Pursuant to the provisions of section 3 of chapter 333 of the Acts of 1931, and upon notice from the Trustees of the Boston Elevated Railway Company of a deficit in the operation of the railway for the year ending March 31, 1938, the Department has made an investigation of the operations and expenses of the company, and a report (the seventh since the enactment of the statute) will be transmitted to the Governor and to members of the Metropolitan Transit Council.

Chapter 35 of the Resolves of 1938 provided for an investigation by the Department relative to the maintenance of gates or electric signals or the stationing of flagmen at certain railroad grade crossings. A report of the Department relative to the subject matter of this resolve has been made to the General Court.

Chapter 59 of the Resolves of 1938 provided for an investigation by the Department relative to providing relief in the City of Quincy and the Town of Weymouth against the discharge of cinders, ashes or other solids from buildings in which boilers or induced draft is used. A report of the Department relative to the subject matter of this resolve has been made to the General Court.

In accordance with the provisions of section 5 of Chapter 483 of the Acts of 1938, the Department has made an investigation relative to the business of leasing trucks and motor vehicles to motor carriers and a report relative to the same has been made to the General Court.

CAPITAL STOCK AND BONDS

Eight applications for approval of issues of stock, bonds or notes of public utilities were decided during the year which ended November 30, 1938. The par value of securities to the amount of \$7,277,700 was approved.

The following table shows the securities approved by the Commission for the several companies applying therefor, giving both the par value of the capital stock and the issue price thereof, determined as required by law:

COMPANY	Capital Stock Approved			Bonds Approved at Par	Date
	Amount at Par	Issue Price	Value at Issue Price		
Barnstable Water Co.....	—	—	—	\$ 35,000	Jan. 21
Cape & Vineyard Electric Co...	\$500,000	\$50	\$1,000,000	1,000,000	Jan. 21
Fall River Electric Lt. Co.	—	—	—	2,000,000 ¹	Apr. 1
Lawrence Gas & Elec. Co.	—	—	—	1,500,000	June 10
N. Bedford Gas & Edison Lt. Co.	—	—	—	1,000,000 ²	Apr. 22
Pittsfield Coal Gas Co.	—	—	—	500,000 ²	Mar. 17
United Electric Light Co.	131,875	25	131,875 ³	—	Dec. 10
Worcester Suburban Elec. Co...	610,825	25	610,825 ⁴	—	Apr. 20

¹ Refunding bonds. ² Coupon notes.

³ Issued to acquire outstanding stock of Agawam Electric Company and Ludlow Electric Company.

⁴ Issued to acquire capital stock and all assets and property of the Marlborough Electric Company.

All annual returns required to be filed by gas, electric and water companies were filed with the Department within the time limit prescribed by law.

MUNICIPAL LIGHTING PLANTS

We herewith set forth a list of municipal plants with percentage earnings, which, from reports filed in 1938 for the year 1937, appear to have violated the provisions of the statute requiring such plants to reduce their rates when they have earned a profit in excess of the 8 per cent allowed by law:

North Attleborough	9.43%
Norwood	9.39%
Peabody	21.68%
South Hadley	9.75%

Of the above mentioned plants, the Norwood plant has reduced its rate in 1938.

It also appears that the following municipalities have violated that part of the statute which provides that the town shall include in the annual appropriations and in the tax levy not less than the estimated cost of

the gas and electricity to be used by the town. Records of street lighting only are available, and these figures are as follows:

Town	Estimated amount which should have been paid	Town paid only
Ashburnham	\$ 1,518.71	\$ 650.00
Danvers	16,153.93	14,000.00
Groveland	3,651.62	3,000.00
Hudson	6,158.50	4,999.92
Hull	13,156.33	12,600.00
Merrimac	3,274.91	2,728.27
North Attleborough	8,932.19	5,000.00
Peabody	13,095.02	None
Princeton	922.11	511.00
Reading	15,682.79	14,500.00
Shrewsbury	6,252.24	5,500.00
Wakefield	19,900.01	18,000.00

GAS, ELECTRIC AND WATER UTILITIES

The recession which began in the late summer of 1937 and continued through the past year affected the revenues of the electric companies in the Commonwealth to such an extent that few reductions in rates and charges were made. The hurricane in September resulted in the loss of considerable revenue as thousands of customers were without service for periods of two weeks in many instances. Many millions of dollars were also spent by the companies in repairing the damage caused by the hurricane.

The rates and charges of 14 electric companies were reduced in 1938 by order of the Department or voluntarily by the companies, with estimated annual savings to customers of \$177,650. The following table shows the extent of the estimated annual savings from rate reductions based upon the previous year's use in each instance, since 1933:

1933	\$1,479,360	1935	\$2,823,502	1937	\$2,052,086
1934	\$1,565,485	1936	\$1,263,423	1938	\$ 177,650

or an aggregate estimated savings for the six-year period amounting to \$9,361,506.

Some gas companies made revisions in their rates and charges during the year, some of which represented reductions.

At the present time some portion of each community in the Commonwealth is being served with electricity and every year records an advance in rural construction. It is estimated that the electric light companies of the Commonwealth have constructed some 150 miles of new lines during the past year, reaching especially into territory never before served, and sparsely settled.

During the fiscal year, 113,859 gas meters have been tested by the Gas, Electric and Water Division and those found correct were badged and sealed in accordance with the statute. This figure compares with 129,184 tested in the previous year. Of these 113,859 meters, 827 were tested on complaint either of the consumer or of the company, of which four would pass gas but would not register. The average error of the remaining 823 was 1.4 per cent fast, the same percentage as the previous year. In addition, 10 wet meters, 5 five-foot meter provers, and 18 calorimeter thermometers were calibrated for the use of the various companies.

Seven electric meters have been tested on complaint of either the consumer or of the electric company.

During this period 514 tests of the quality of the gas supplied by the 49 companies distributing gas in the Commonwealth have been made. Forty-five violations of the legal standard were found and the offending companies duly notified that steps must be taken at once to improve

conditions. The average calorific value of all companies having a standard of 528 British thermal units was 537 British thermal units.

The 721 complaints relating to supply, service, rates, etc., have been carefully investigated and in most cases settled satisfactorily to all concerned. Of these, 158 were against gas companies, 512 against electric companies and 51 against water companies. The numerous complaints regarding lack of service after the hurricane of September 21 have not been included in the above number.

A total of 790 accidents have been reported during the fiscal year under the provisions of section 95 of chapter 164 of the General Laws (Ter. Ed.). Of this number, 144 were fatal, 134 being reported as caused by gas and 10 as caused by electricity. It is worthy of note that but 3 fatal accidents were reported as being caused by electricity during the terrific hurricane of September. Restoration of service was remarkably rapid considering the havoc wrought by falling trees which in practically all instances were the cause of falling poles and wires on the distribution and service lines. In the central and western portion of the State, flood waters caused by a deluge of rain added to the confusion.

Many requests for electric extensions, especially in rural areas, have been received and in conjunction with the Engineering Division investigated and estimates made of the costs of supplying service. Arrangements have usually been completed for such extensions, with the cooperation of the companies and complainants, without the necessity of a formal hearing before the Commission.

ENGINEERING

During the year, two engineers were permanently added to the staff of Engineers, namely, Paul M. Fitzsimmons as Assistant Rate Engineer and Richard A. Sullivan as Junior Electrical Engineer.

Early in the year, the Governor appointed the Chairman of this Department as Chairman of a special commission, and two others, namely, the Bank Commissioner and the Chairman of the State Planning Board, to study the feasibility and advisability of extending the Rapid Transit System of the Boston Elevated Railway out and over the present rights of way of the Railroads entering Boston, for a distance of approximately 10 miles. There being no money available in the Department to study this project, application was made to the Federal authorities and, after many conferences, we were given to understand that a grant would be given us to conduct a traffic survey with Works Progress Administration funds. Much time and energy was then devoted to studying this project and the application is now ready to go forward to procure these funds for a traffic survey only. Upon the traffic study will depend whether we should go forward with engineering studies of: (1) The present railroad facilities; (2) Plans for converting the railroad rights of way so that rapid transit facilities might be added to the present systems; (3) Estimates of the cost of constructing the proposed extensions in order to find out the amount necessary to finance these projects; and finally, if it is deemed prudent and that public convenience requires such rapid transit extensions, action by the legislature will be required.

Many days were devoted to acting as a Joint Board Member for the Interstate Commerce Commission on hearings relative to the transportation of passengers and property for hire over the highways of this Commonwealth, in accordance with the Motor Carrier Act of 1935.

In accordance with Chapter 333 of the Acts of 1931, the Division has investigated and made special reports on the savings that might be effected in operating expenses on the Boston Elevated Railway for the year ending March 31, 1938.

During the year the plant accounts of the following companies, which were filed under order of the Department (D. P. U. 4980) have been checked:

Berkshire Street Railway Company.
 Boston Elevated Railway.
 Eastern Massachusetts Street Railway Company.
 Springfield Street Railway Company.
 Union Street Railway Company.
 Worcester Street Railway Company.
 Arlington Gas Light Company.
 Boston Consolidated Gas Company.
 Dedham and Hyde Park Gas & Electric Company.
 Fall River Gas Works Company.
 Lowell Gas Light Company.
 Malden and Melrose Gas Light Company.
 Northampton Gas Light Company.
 North Shore Gas Company.
 Old Colony Gas Company.
 Pittsfield Coal Gas Company.
 Worcester Gas Light Company.
 Boston Edison Company.
 Brockton Edison Company.
 Cape and Vineyard Electric Company.
 Ludlow Electric Company.
 Plymouth County Electric Company.
 Auburn Water Company.
 Barnstable Water Company.
 Chatham Water Company.
 Cohasset Water Company.
 Dedham Water Company.
 Edgartown Water Company.
 Hingham Water Company.
 Holliston Water Company
 Housatonic Water Company
 Grafton Water Company
 Millbury Water Company
 Oxford Water Company.
 Sheffield Water Company
 Sunderland Water Company
 Wannacomet Water Company.
 Williamstown Water Company.
 Salisbury Water Supply Company

On 12 of the above companies, in addition to checking the accounts, the property has been inspected.

The property of the Fitchburg and Leominster Street Railway Company has been investigated in connection with the transfer of the park property (D. P. U. 5623).

A physical valuation has been made of the following water companies:

Grafton Water Company	(D. P. U. 5624)
Millbury Water Company	(D. P. U. 5624)
Oxford Water Company	(D. P. U. 5624)
Gilbertville Water Company	D. P. U. 5673)

A valuation of the Salisbury Water Supply Company was in progress at the end of the year.

Investigated and reported to the Department on 77 proposed bus routes and on two trackless trolley lines.

Bridges carrying trolley cars and buses to the number of 87 have been inspected. On 5 of these, restrictions as to loads were recommended.

Plans of a new bridge over which we restricted operation in 1937, on Revere Street, Revere, over the Boston & Maine Railroad were examined and approved.

In conjunction with the Gas, Electric and Water Utility Division, investigations were made of 45 complaints relative to electric light extensions and other matters requiring engineering assistance.

Investigation was made of a highway crossing at grade of the Fore River Railroad Company in Quincy and a report was submitted to the Department.

A study was made, together with recommendations, to the Department of Mental Diseases in regard to proposed generation by them or the purchase of electricity for three of its hospitals, namely: Northampton State Hospital, Grafton State Hospital and Gardner State Hospital.

A special study was made of the trackless trolley lines of the Boston Elevated Railway Company.

Investigation was made of 2 water systems which should report to the Department.

Investigation was made of 2 complaints of whistling of railroads at grade crossings. Ten crossings were involved.

Investigation was made of the Housatonic Water Company in connection with an order of the Department (D. P. U. 5490).

An investigation and report was made in regard to the proposed relocation of poles on the State Reservation in Carver and Plymouth (D. P. U. 5627).

A special investigation was conducted in connection with petitions concerning a transmission line of the Brockton Edison Company (D. P. U. 5478).

Worked in connection with the Department of Public Works on the priority list of grade crossings to be eliminated.

Made investigation and worked on maps and other data in connection with the abandonment of service of the New York, New Haven and Hartford Railroad.

Made an appraisal and investigated the proposed purchase by the Amesbury Electric Company of the hydro-electric plants of the Merrimac Valley Power and Buildings Company (D. P. U. 5556).

Planned and carried out changes and other work in connection with moving of the Department from Public Works Building at 100 Nashua Street to the State House.

Performed miscellaneous work on maps and plans and the reclassification and filing of engineering data, reports and plans.

During the year, 2,833 tariffs, schedules of rates and contracts were filed with the division—divided as follows: Railroad freight service, 1,581; express, 116; passenger service, 281; street railway, 49; telephone, 27; motor bus, 77; motor truck, 248; electric, 92; gas, 73; water, 4; gas and electric contracts, 285. All the gas and electric rates were examined in detail and reports made to the Department.

Permission was granted to 143 petitioners to file certain rates on less than statutory notice and also, 25 petitions for approval of domestic gas and electric rates were presented and granted.

There were special studies and investigations of rates conducted pertaining to:

Haverhill Gas Light Company.

Webster & Southbridge Gas & Electric & Worcester Electric Consolidation.

Worcester Suburban Electric Company & Marlboro Electric Consolidation.

Taunton Gas Light Company.

Boston Consolidated Gas Company.

Salem Electric Lighting Company.

Malden Electric Company.

Grafton Water Company.

Millbury Water Company. } Consolidation

Oxford Water Company. }

Firestone Tire & Rubber Company.—Special Contract.

There were also 103 complaints received relative to rates and tariffs which were investigated and answered invariably to the complainants' satisfaction.

There has been a great amount of work accomplished in connection with the motor carriers, particularly as a result of amending Chapter 159B by Chapter 483 of the Acts of 1938. The rules in effect concerning the form and filing of motor carrier tariffs were inadequate to satisfy the requirements of the new law. Accordingly, the rules and regulations for the form and filing of tariffs, contracts and schedules by motor carriers were enlarged and completely revised.

There have been held 81 conferences with regular route motor common carriers relative to their rates and the filing thereof.

Much time was spent in preparing a schedule of charges for the transportation of lumber by motor carriers and the existing prescribed minimum rates on candy, petroleum and wool were reviewed, revised and reprinted.

RAILROADS AND STREET RAILWAYS

During the fiscal year, the Railroad and Railway Division made 12,748 inspections of rolling stock, including locomotives, passenger and freight cars; 4,372 inspections of street railway cars, 257 inspections of trackless trolley coaches, 1,561 inspections of railroad and railway stations; 1,973 inspections of railroad and street railway bridges; 2 inspections of railroad signals and interlockings; 1,328 inspections of grade crossing protection.

In addition, switches and derails, foot blocking, bridge guards, and crossing signs were inspected. Defective conditions were called to the attention of the proper officials of the companies and corrections made.

The division investigated 155 accidents on railroads and 183 on street railways, and was represented at 14 inquests. Also 146 complaints relating to the operation of railroads and railways were investigated and adjusted, and 54 special investigations were conducted.

The division issued 9 railroad police licenses, 25 railway police licenses and 1 steamship police license.

The division conducted a survey of the New York, New Haven and Hartford Railroad in connection with petitions filed by that railroad with the Department, for abandonment of 88 stations and the curtailment or abandonment of certain passenger service. The result of this survey was introduced as evidence by the Department of the Attorney General, which represented the public at the hearings held before the Commission.

As result of a disagreement between the Service Bus Lines, Inc., and the Boston Elevated Railway Company, the division conducted a passenger survey of the Service Bus Lines, Inc. The survey resulted in a satisfactory agreement to both parties.

Eighteen petitions were filed in November and December, 1937, and January, 1938, by the Trustees of The New York, New Haven and Hartford Railroad Company seeking the approval of the Commission to the abandonment of passenger service at 88 stations in southeastern Massachusetts. Subsequently, a new time-table, proposed to be made effective March 27, 1938, was issued by the railroad. As this time-table provided for drastic curtailment of passenger train service, the Department entered upon an investigation upon its own motion as to the propriety of the proposed changes and upon said investigation and upon complaints filed with the Department, the Commission joined the hearings as to the propriety of the changes shown in the proposed time-table with the petition for abandonment of stations and all were heard together.

Seventeen days were devoted to hearings in the matter of said petitions, investigations and complaints. On July 28, 1938, the Department, acting

upon one of the petitions filed by the Trustees of said Railroad, issued an order requiring the railroad to operate a gas and electric rail car on weekdays from Yarmouth to Provincetown in the forenoon and from Provincetown to Yarmouth in the afternoon, and the gas and electric rail car stop to admit passengers to board or alight at certain stations between said towns. From this order the railroad appealed to the court, where proceedings are now pending. As the present issue involves the jurisdiction of the Department, action upon several petitions and complaints pending before the Department have been deferred until the decision of the court has been handed down in the matter of the said appeal.

ACCIDENTS AT GRADE CROSSINGS DURING THE YEAR ENDING
NOVEMBER 30, 1938

RAILROADS	Protected Crossings				Unprotected Crossings			
	Number of Crossings	Killed	Injured	Ratio of Casualties to Crossings	Number of Crossings	Killed	Injured	Ratio of Casualties to Crossings
Boston & Albany R. R.....	67	—	—	—	84	—	—	—
Boston & Maine R. R.....	444	4	2	1-74	213	1	5	1-36
Boston, R. Beach & L. R. R.....	11	—	—	—	—	—	—	—
Hoosac Tun. & Wilmington.....	—	—	—	—	2	—	—	—
Central Vermont Ry.....	7	—	—	—	38	—	—	—
N. Y., N. H. & H. R. R.....	421	8	6	1-30	227	5	3	1-28
Fore River.....	5	—	—	—	—	—	—	—
Grafton & Upton.....	—	—	—	—	34	—	—	—
Totals.....	955	12	8	1-48	598	6	8	1-43

GRADE CROSSING ACCIDENTS INVESTIGATED

Number involving motor vehicles.....	57
Number involving pedestrians.....	6
Number employees injured.....	1
Number bicycle riders injured.....	1
Total accidents.....	65

MOTOR BUS TRANSPORTATION

At the close of the fiscal year, there were 75 persons, associations or corporations (including street railway companies) operating motor buses within the Commonwealth for the carriage of passengers for hire under a certificate of public convenience and necessity granted by the Department. There were issued 190 bus permits, and 4,066 drivers' licenses for which fees aggregating \$5,936 have been received.

During the year, 7,160 inspections of buses and 972 inspections of highway bridges over which buses operate have been made; and 57 accidents and 51 complaints have been investigated. Operating violations, 73 in number, have been noted and corrected. Defective conditions were called to the attention of the proper officials of the companies and corrections made.

MOTOR TRUCK TRANSPORTATION

The Recess Commission, organized under the provisions of Chapter 33 of the Resolves of 1937, recommended to the General Court that Chapter 159B be further amended in order to more effectively regulate the transportation of property by motor vehicle upon the ways of the Commonwealth. Subsequently, an act was passed which became Chapter 483 of the Acts of 1938, effective July 5, 1938.

The provisions of this Act require in part that the Department review all existing contract carrier permits granted under chapter 159B of the General Laws and in effect at the time of the taking effect of Chapter 483 of the Acts of 1938, for the purpose of classifying said permits and determining whether the services rendered thereunder constitute the service of a common carrier by motor vehicle or contract carrier by motor vehicle,

and shall issue without charge certificates or permits or both to the holders of such existing contract carrier permits in accordance with the nature of said services and consistent with its findings, and that interstate contract carriers holding contract carrier permits shall receive in lieu thereof an interstate license.

Under the Act of 1934 there were issued 921 regular route common carrier certificates and 11,966 contract carrier permits. All the existing contract carrier permits were required to be reviewed and reclassified under the new law. The Commission designated this division to conduct this reclassification. In compliance, therewith, twenty days of hearings have been held in the principal cities of the Commonwealth at which 1,200 carriers were interviewed in connection with their reclassification. There have been issued in conjunction therewith 3,278 temporary irregular route common carrier certificates, 511 contract carrier permits and 822 licenses for exclusive interstate operation.

The law further provides that those who, for compensation, sell or offer for sale transportation services shall be known as "Brokers" and as such shall procure a license from the Department. Twelve applications for "Brokers" licenses have been received.

The new Act provides that a single distinguishing plate shall be displayed on each vehicle used in the conduct of the business and that the annual charge for each such plate shall be \$5, as compared to a charge of \$1 per plate under the old law. The responsibility for the issuance of these plates rests with this division. During the past year 26,646 distinguishing plates were issued to all carriers.

Chapter 483 definitely enlarges the scope and authority of the Department to investigate the operations of various classes of carriers. During the year under both acts, there were recorded 367 complaints. Of this number 216 required special investigation. Of these complaints 231 were occasioned by the failure of carriers holding certificates and permits to make returns on C.O.D. shipments, in accordance with the rules of the Department. Further, there were 136 complaints relative to the violation of rates of carriers operating without permits or plates and necessitating 16 hearings before the Director.

The Interstate Commerce Commission Motor Carrier Act of 1935, under Section 205, provides for the establishment of joint boards; the membership of such Boards to consist of members of the Commission or employees of the various state boards designated or appointed by the members of the State board. These joint boards are to act for the Interstate Commerce Commission in cases where an applicant appearing before the Board operates in two or more states. There was held during the year 119 such joint board public hearings pertaining to the transportation of property or passengers by motor vehicles at which the Department was represented.

During the year, there was received in fees by the division—\$27,632 for the issuance and transfer of distinguishing plates; \$7,906 for contract carrier permits; \$350 for common carrier certificates; \$120 for brokers' licenses; and \$108.50 for copies of documents and miscellaneous fees, making a total of all fees received of \$36,116.50.

TELEPHONE AND TELEGRAPH

On November 30, 1938, there were 871,395 telephone stations in Massachusetts, a net gain of 2,202 stations over the preceding year.

There were 726 complaints made to the division during the fiscal year, which required special attention.

The hurricane which occurred on September 21 caused serious and widespread destruction to telephone facilities. It is estimated that in excess of 200,000 stations were put out of order by the storm.

The division had many cases of out-of-order conditions in homes where emergencies existed. The company cooperated with the division in every case by reestablishing service immediately on a temporary basis.

To date it has been estimated that in excess of 250 miles of cable, 4,300 miles of covered drop wire and 1,500 poles have already been provided to replace plant impaired by the hurricane.

Fifty-four offices in Massachusetts were completely isolated in addition to which it was necessary for the company to completely replace two offices. There were other offices which were able to communicate with neighboring offices but were entirely cut off from toll connections to the outside world.

The total cost of the storm in Massachusetts has been estimated to exceed \$3,600,000, which does not include revenue loss.

Notwithstanding the tremendous amount of damage caused to the telephone system, it has been pleasing to note that through the cooperation of the company, with the supervision of this division, the percentage of increased complaints has been extremely low.

State House Telephone Service:

In July of 1935 this division, in connection with the Department of Administration and Finance, completed a study of the telephone service in the State House, with a view to improving the service and also reducing the cost of operation.

Seven auxiliary switchboards have been converted to the main switchboard. Service observations show the departments are now enjoying a better grade of service.

Although the volume of business in local calls increased about 121,000 calls over 1937, the operating expense has remained approximately the same.

It is worthy of note that if the 1938 volume of business had been transacted with the set-up of 1934, the cost of operation would have exceeded the 1934 appropriation by \$12,000.

Additional changes proposed for 1939 will tend to further increase the efficiency of operation.

SALE OF SECURITIES

During the fiscal year, 3,105 salesmen and 593 brokers have been registered. Securities with an aggregate par value of \$22,560,045 have either been refused qualification or their sale forbidden in the Commonwealth.

The division held 55 hearings relating to brokers and salesmen and requests for qualification for sale in the Commonwealth of certain securities. From the findings resulting from these hearings, 12 appeals have been made to the full Commission.

The registrations of 174 salesmen were cancelled by order for failure to furnish change of broker, and the registrations of 63 salesmen were cancelled by request.

Four brokers' registrations were cancelled after a hearing and 4 brokers' registrations were suspended after a hearing and 13 were cancelled by request.

The division also investigated 1,391 complaints against brokers and salesmen.

By order of the Director, all brokers were required to furnish financial statements and 591 satisfactory statements were filed. Because of insufficient liquid capital, the registrations of 2 brokers were cancelled. This requirement was discussed by the Commission appointed to recommend changes in chapter 110A and it is now required under the amended statute that full information as to the financial condition of brokers and salesmen shall be required at least once in every year.

To effectively control the sale of oil royalties in the Commonwealth, which it is estimated has caused an annual loss of at least \$500,000 to investors in this Commonwealth, and remove the doubt existing as to whether oil royalties were securities or interests in land, the legislature specifically defined oil royalties as securities and there has been set up in the Division a branch authorized to deal with the registration for sale of

oil royalties and all matters concerning their sale. This law became effective September 20, 1938, and since that date but 5 oil royalties have been approved of by the Division for sale.

The question of uniformity in filing for the registration or qualification of securities, which was deemed of the utmost importance by brokers and financial institutions, was considered by the Special Commission and particular stress was laid upon the need for such change by representatives of the Investment Bankers Association of America, the Boston Association of Stock Exchange Firms, Securities Dealers Association of New England, and individuals and underwriters. As recommended to the legislature by the Special Commission, a change in the law and practice was adopted whereby a final prospectus, duly attested under the Federal Securities Act of 1933, is accepted in lieu of the statement formerly required by this division, with the right reserved to require further information if it is deemed necessary.

SMOKE ABATEMENT

The division has made, during the year covered by this report, further gains in the elimination of smoke in the 29 cities and towns which go to make up the territory covered by the smoke laws, otherwise known as Chapter 651, Acts of 1910.

The bill filed by the Department restricting the emission of No. 2 smoke to six minutes in any hour (the original law placed no restriction on the emission of smoke of this density, namely 40% black) from stacks listed as Class II, having passed both branches of the General Court, was signed by the Governor on March 24, and became law ninety days later. (Chapter 140, Acts of 1938.)

Pursuant to the instructions of the Department and the Resolve passed by the General Court (Chapter 59) providing for an investigation by the Department of Public Utilities relative to providing relief in the city of Quincy and town of Weymouth against the escape or discharge of cinders, ashes or other solids from buildings in or upon which a furnace or boiler with a forced or induced draft is used, the division, during September and the early part of October, made a thorough and exhaustive survey of the cinder and soot fall in the city of Quincy and town of Weymouth.

Inspectors gathered samples of foliage in the various locations where there were plants operating with forced or induced draft. Fly paper was placed in various spots near the plants which were being investigated. From an examination under the magnifying glass and microscope of the many samples which were collected, it was found that a large proportion of the solid matter collected (save in those samples collected near granite polishing plants) was cinders or fly ash. An examination of the vegetation brought in was shown under magnification to consist largely of cinders with a trace of coal dust. A more detailed report of the investigation and findings in this matter was reported to the Department previous to the public hearing, held October 6, 1938.

Two formal hearings were given by the Director during the year. These hearings are preliminary to the issuance of the formal order to stop or abate the emission of smoke to comply with the provisions of Chapter 651, Acts of 1910. In addition 51 conferences with owners or operators were held and as a result of these, further violations were eliminated in many instances.

On December 1, 1937, there were 111 plants whose owners had been ordered to abate smoke to comply with the provisions of the Smoke Law (Chapter 651, Acts of 1910). During the year, the Director issued three new orders, so that on December 1, 1938, there were 110 plants subject to the formal order.

The number of complaints received from the public showed a slight decrease over the total number received during the previous year, 157, as compared to a total of 173 received in 1937. All complaints were

promptly investigated and where smoke conditions were noted suggestions were offered as to how the trouble might be overcome. Subsequent investigation showed that in most cases the condition had been improved.

During the year, the inspectors have made 1,052 plant calls, many of which were for the purpose of warning those in charge of boilers that smoke was being emitted close to the maximum allowed; thus, the division has been able to forestall violations in many instances.

During the period covered by this report, the division's inspectors noted 80 plants where a violation was observed for the first time; and these plants account for 11.3% of the total number of violations reported.

Below is given the total number of observations made on each type of stack for the years ending November 30, 1937 and 1938. An "observation" is a graphic record of the amount of smoke issuing from a stationary or marine stack or a roundhouse jack during a period of one hour, or in the case of a locomotive for a period of five minutes.

	1937	1938
Stationary stacks	292,157	297,699
Locomotive stacks	53,220	51,035
Marine stacks	5,948	6,153
Total	351,325	354,887

The total number of violations reported shows a small decrease. The stationary and marine violations show a decrease whereas the locomotive violations show an increase. This, in the opinion of the division, was due in large part to the unusual conditions which have confronted the railroads. Because of flood and hurricane damage, the regular supply of locomotive fuel has been interrupted and they have had to burn whatever grade of coal was available.

Observations were taken on a total of 4,270 stacks and in 3,757 cases, or 88%, no violations were noted. Approximately 44% of the violations noted on stationary stacks were from oil burners; 51% from coal, and 5% from wood or rubbish.

The division has attempted to create a spirit of cooperation among owners and operators of the various plants, believing that by this means more can be accomplished than by confining its activities strictly to policing the 290 square miles within its jurisdiction and instituting court action after violations have occurred.

The Department, early in 1938, petitioned the General Court for legislation relative to procedure before the Department. Subsequently, an Act was passed (Chapter 221 of the Acts of 1938) which act provides in part as follows:

In the hearing of all matters other than those of formal or administrative character coming before the commission, one or more commissioners shall participate and in the decision of all such matters at least three commissioners shall participate; provided that any such matter may be heard, examined and investigated by an employee of the department designated and assigned thereto by the chairman, with the concurrence of at least three commissioners. Such employee shall make a report in writing relative to every such matter to the commission for its decision thereon. For the purposes of hearing, examining and investigating any such matter such employee shall have all of the powers conferred upon a commissioner by section five A, and all pertinent provisions of said section shall apply to such proceedings. In every such case the concurrence of a majority of the commissioners participating in the decision shall be necessary therefor.

Acting under the provisions of this chapter, many matters have been assigned to designated members of the Department for hearing, examination and investigation, following which reports have been submitted in

writing relative to all such matters, to the Commission for its decision. This procedure has facilitated the holding of many hearings in places other than the State House, which has inconvenienced parties interested in such matters, and has also expedited hearings upon petitions, applications and complaints, and the decisions of the Commission thereon.

RECOMMENDATIONS FOR LEGISLATION

Rates, Prices and Charges for the Sale and Distribution of Gas and Electricity:

Section 94, of chapter 164 of the General Laws (Ter. Ed.) relating to gas and electric companies, provides among other things, "for the suspension of a filed rate for a period not longer than six months." It has been the experience of this Department that such a period frequently does not afford sufficient time for the taking of evidence, completion of hearings, consideration of an involved rate schedule and the preparation of a written opinion dealing with the issues raised at hearings held in connection therewith. At the present time we are permitted a ten months' suspension period on the rates filed by common carriers. It would seem that we should have a similar period for consideration of the rates of a gas or electric company as we do when the rate in question is one filed by a common carrier.

A further change in procedure is suggested in this section, namely a change of wording which would clarify the right of the Department to order a suspension from time to time within the general ten months' limitation. We therefore recommend that this chapter be amended to permit a ten months' suspension.

Changes in Schedules of Common Carriers and Actions Thereon:

Under section 20 of chapter 159 of the General Laws (Ter. Ed.), authority is given to this Department to suspend changes proposed in any schedule filed under this chapter for a period of ten months. Under this section there is some doubt as to whether or not a series of suspensions would be permissible, or whether the law requires a single suspension for any fixed period, such period not to exceed ten months. We believe that there should be no question of the Department's right to suspend either at one time or from time to time schedules submitted under this section. We therefore recommend that the law be clarified.

Transportation of Passengers for Hire by Motor Vehicles:

Section 8 of chapter 159A of the General Laws provides that the Department shall inspect motor vehicles used in the transportation of passengers for hire. We are given authority to charge a fee of ten dollars (\$10) for the permit which is attached to each vehicle. Under the law as it now exists such permit is given for the life of the vehicle. According to our present practice each registered vehicle used in the transportation of passengers for hire is inspected about four times a year. This represents considerable expense to the Commonwealth. We believe that there should be an annual renewal fee assessed on each such vehicle in order to compensate the Commonwealth for the annual expense involved. We therefore recommend legislation which would permit this Department to charge an annual fee of not more than five dollars (\$5) for the renewal of permits issued under this section.

Section 12F of chapter 25 of the General Laws, as inserted by chapter 405 of the Acts of 1935, gives to the Director of the Commercial Motor Vehicle Division authority to enforce chapter 159A of the General Laws. Chapter 159A of the General Laws relates to the transportation of passengers for hire by motor vehicle. The Commercial Motor Vehicle Division is primarily concerned with the enforcement of chapter 159B, which chapter relates to the transportation of property by motor vehicle for hire.

These two chapters deal with entirely different problems. Chapter 159A is concerned with the safety of the traveling public. Chapter 159B is concerned with the regulation of the business of transporting property. The provisions of chapter 159A require the services of inspectors of the Department specially qualified to examine and approve safety appliances and mechanical devices. We have such employees within the Railway and Railroad Division of the Department and we believe that the enforcement of chapter 159A should be charged to that Division rather than to the Commercial Motor Vehicle Division.

Inquests:

Section 8 of chapter 38 of the General Laws relates to the attendance by the Department of Public Utilities at inquests resulting from the death of persons caused by a public conveyance which is under the jurisdiction of this Department. At present there is no provision for such attendance at an inquest which is being conducted for the purpose of inquiring into a death which is caused by a common carrier of passengers for hire by motor vehicle. We believe that this section should be amended so as to require such attendance.

Protection of Railroad Crossings at Grade of a Public Highway or a Traveled Place:

Section 147 of chapter 160 of the General Laws confers upon this Department jurisdiction over protection of railroad crossings at grade over a public highway or a traveled place. It is contended that our jurisdiction is limited to requiring the installation and maintenance of gates, flagmen or electric signals. It has been our experience that in certain cases other forms of protection might be more in keeping with the better security of human life or the convenience of public travel. We therefore recommend that this Act be amended to permit the Department to order the installation and maintenance of such protection as we find to be required.

Respectfully submitted,

FRANCIS M. MCKEOWN, *Chairman*,
RICHARD D. GRANT,
JOHN J. CURLEY,
A. C. WEBBER,
JOHN M. WHOULEY,

Commissioners.