

MR. KIMBALL ON REBATES,

The Traffic Manager of the Union Pacific Again Called.

THE PACIFIC COMMISSION.

Lawyer Poppleton Gives Another Manifestation of His Impatience at the Results of the Investigation.

Yesterday's Session.

Governor Pattison and Judge Little, of the Union Pacific investigating committee accompanied by the stenographer, Mr. Davis, and the Sergeant-at-Arms, Mr. Walsh, returned to Omaha from Sioux City over the St. Minneapolis & Omaha on Wednesday evening. The gentlemen expressed themselves as having enjoyed the trip very much, Governor Pattison being especially pleased with the rich soil and the evidences of prosperity which he observed along the route.

It only lacked about ten minutes of 11 o'clock when General Traffic Manager Kimball carrying a roll of papers under his arm entered the room, and after shaking hands with the commissioners, took the witness stand. On being asked what papers of those called for by the commission were ready, he submitted a statement showing the basis of regular passenger rates on the Union Pacific lines down to the present time. A statement was also produced showing the open freight rates during the same period. On his attention being called to the fact that the special rates were not shown, Mr. Kimball said that would be shown in the statements of rebates allowed, which was being prepared. Statements were also submitted showing the written and printed instructions as to rates during that period and also instructions as to the granting of passes. This showed that passes were issued to news agents, eating house men, clerks, the press, principal representatives of religious denominations, temperance workers, to legislators as a matter of policy made necessary by the action of other roads, persons accompanying live stock, elevator men, merchants, miners, millers, and others who had interests in different localities and did a large amount of shipping over the road were allowed annual passes pursuant to arrangements with other roads.

"What do you mean by 'customs of other roads' with reference to the granting of passes to members of the legislature?" inquired Governor Pattison. "I mean," replied Mr. Kimball, "that where other roads granted these passes we would do the same thing."

Mr. Kimball also submitted a list of rebate vouchers of which an examination had been asked. The explanation was printed by a type-writer and was attached, as an exhibit, to the testimony. The statement showing the cost of transportation over the territory covered by the Union Pacific road from 1850 until the completion of the road was not ready, Mr. Kimball said he would prepare and forward it to the commission. The car mileage paid by the Standard Oil Company and other oil companies from 1882 to 1886, inclusive, was also shown in a statement submitted.

The witness produced a statement showing rebates allowed and money paid to other roads on account of pools. Mr. Kimball had a printed explanation of the items. One showed that \$1,233,25 had been paid to the Atchison, Topeka & Santa Fe and the explanation was that this amount was the excess earned by the Union Pacific road over its share in the transcontinental pool. Another showed \$128,000 allowed to the Omaha and Grant Smelting works. This was the result of a cut rate of \$3 per ton below the open rate. Denver and Pueblo smelters were allowed the same rate.

"You say Senator Hill of Colorado, complained of the rates charged him," observed Governor Pattison, "why was that?"

"The senator's complaint," replied Mr. Kimball, "was that we charged a lower rate for lead ore containing gold and silver than we charged him for copper ore. The rate for lead ore was some length and finally we gave him a rate of \$8 per ton."

The general traffic manager went on to explain rebates allowed other shippers and was asked by the governor what these rebates were allowed to all shippers.

"They were if they asked for them," was the reply.

"But how were other shippers to know that the rebates were allowed?" asked the governor. "You say they were not published."

"They generally knew of it," said Mr. Kimball.

"They would be under the same circumstances."

Mr. Kimball was asked what explanation he had to offer of a statement of a citizen to Sioux City, to the effect that Sioux City shippers to points in Washington territory were charged twice as much by the Union Pacific as shippers from Kansas City.

"That can't be true," said Mr. Kimball. "The mayor of Sioux City so testified before the commission," said Governor Pattison.

"Well, he was off his base," replied the traffic manager.

He then said that the explanation afterwards given by the mayor was that Sioux City shippers were obliged to ship south to Omaha over the Fremont, Elkhorn & Missouri Valley road and then west over the Union Pacific, whereas the Kansas City shippers had a direct line to the points of destination in Washington territory. This matter was still being discussed when the commission adjourned for dinner.

AFTERNOON SESSION.

When the commission was called to order at half past 2 o'clock yesterday afternoon General Traffic Manager Kimball again took the stand. The first things explained by the witness were the rebates allowed to the Horn Silver Mining company. In 1880 an arrangement was entered into with this company by the Union Pacific company whereby they were to receive \$1.50 per ton on all shipments from San Francisco to points on the Missouri river. This rebate was allowed on the ground that the Horn Silver Mining company was a bona fide mining company and was a member of the Missouri Pacific and Brown Steamship company of New York, could ship cheaper by the ocean route to New York from San Francisco than they could by the Union Pacific in shipping across the country.

Rebates amounting to \$76,123.97 to the Boston & Colorado Smelting company, of Argo, Colo. were given, Mr. Kimball said, because the smelting company had a large amount of low grade ore which they convinced the Union Pacific could not be shipped at the open rates. The open rate of \$2.00 per ton from Argo to Omaha was reduced for the Boston & Colorado Smelting company to \$1.00, but since that time \$1.00 has been made the open rate. A rebate allowed to Whittier Fuller & Co. of Minneapolis was explained as having been given as a protection in oil shipments to points in Idaho.

The stenographer then read from the testimony of the mayor of Sioux City to the effect that shippers from Sioux City were obliged to pay from \$30 to \$40 per car more than shippers from Kansas City.

Mr. Kimball in explanation of this said that it resulted from the freight the people of Sioux City were obliged to pay over the Chicago, St. Paul, Minneapolis & Omaha road to Omaha. A line were built by the Union Pacific from Norfolk, Neb., to Sioux City, a distance of seventy-five miles, the rates asked for by the Sioux shippers, Mr. Kimball said, could be given.

The witness then proceeded to explain various items in a statement showing rebates and overcharges given to various firms and individuals. The explanation given was that the concessions in rates were made in order to secure shipments which would not otherwise have been made, or because they rendered necessary in order to compete with other lines. After the witness explained several of these items he was asked to submit his explanations in writing and have them made a part of the record in order to save time.

Governor Pattison inquired of Mr. Kimball if he was ready to produce statements showing how long rebates have been allowed to the Omaha Elevator company and when they commenced. Mr. Kimball said they commenced on November 1, 1882, and continued until April 5, 1887.

"A further research may show," said Mr. Kimball, "rebates were allowed prior to that date."

"When were the allowance of rebates to the Standard Oil company begun?" asked the governor.

Mr. Kimball was asked to furnish a statement showing the amount charged the Standard Oil company, for the return of empty tank cars and all other charges other oil companies. He said that over certain portions of the route these cars were carried free and over other portions of the route a charge was made. To furnish a statement of just what these charges were, Mr. Kimball said, would require a vast amount of labor.

"The difference between the amount charged the Standard Oil company and that charged other companies was insignificant, anyway," he added.

"One of the charges you know," explained Governor Pattison, "against the Union Pacific road, is that the tank cars which the Standard Oil company were hauled back from San Francisco free, while other oil companies were charged for the service. If your answer is that the difference in charges was insignificant, let it go down so in the record."

"Did you discriminate in favor of the Standard Oil company by allowing their cars to go back to New York free, while other oil companies were charged for hauling their cars?" inquired Judge Little.

"When we made our arrangements in regard to allowing rebates to the Standard Oil company," replied Mr. Kimball, "we did not discriminate in favor of their tank cars one of the conditions."

"Have you consulted your diary in regard to the part you have taken in influencing legislation on subjects in which the Union Pacific railway company was interested?" inquired Governor Pattison.

Mr. Kimball said he had consulted it, and was asked to name dates when he had appeared before legislative committees.

"On February 12, 1879," he replied, "Mr. Vining and I appeared before a legislative committee at Lincoln to discuss railroad bills that were introduced."

"On February 8, 1881, I appeared before a similar committee for the same purpose. I think the Doane bill was then under discussion. On February 15, 1881, Mr. Vining and myself and Messrs. Williams and Usher, the attorneys of the Kansas division of the Union Pacific, appeared before the legislature at Topeka. This was also to discuss pending bills in regard to railroads."

"One or two other dates were given."

"Have you any record in your diary," said Governor Pattison, "of payment of money to legislators for the purpose of influencing them on the subject of legislation?"

"I have none," replied Mr. Kimball.

The witness also said in answer to a question that he had no record of letters written to members of the legislature on the subject of railroad legislation. He did have, however, a printed speech which he made before a legislative committee and which he wished to have recorded as showing what

were the arguments he employed to induce the legislators to think as he did on railroad legislation. He was permitted to submit the speech, and it was made part of the record.

Mr. Kimball was asked to name the lowest rates allowed on the Atchison & Merritt elevator company, the Standard Oil company, the Union Cattle company and the Omaha & Grant Smelting works. He estimated the lowest rate to the elevator company at 1 cent per ton per mile; to that of the Standard Oil company, 1 cent per mile; to the Union Cattle company 1 cent per mile; and to the Omaha & Grant Smelting company 1 cent per mile.

Being asked to produce a statement showing the difference in the amount received by the Union Pacific road from pools and from ordinary business since 1881, both in freight and in passenger earnings, Auditor Young said it was impossible to furnish such statements as no separate record was kept of the amount received from pools and from ordinary business. Mr. M. J. Poppleton observed that the bulk of business was done under the pool system. In order to illustrate the advantages of the pooling system, Mr. Kimball said that when the Santa Fe road built into Colorado the Union Pacific company proposed a pool and the Santa Fe refused to enter into a pool. A freight war ensued which lasted for three months. At the end of that time the companies were tired of the fight and a pool was formed.

"The result was," said Mr. Kimball, "that while during the three months of pooling the Union Pacific made three times the amount of business it did after the pool was formed, the earnings during the three following months were three times as large."

Mr. Kimball was asked, in the course of the examination, if it was true that during the past sixty days 300 cars of freight, originally billed at Kansas City to go over the Union Pacific, had been diverted and shipped over the Santa Fe road.

He replied that he didn't think such a thing was possible, although sometimes after having secured the shipment of an amount of freight the person in charge found it had not the cars available to carry it and was obliged to turn it over to another road. Considerable more freight had been diverted to the Union Pacific line that way, he said. Kimball, than had been diverted by it to other roads. Some times, owing to a cutting of rates by some rival road, freight which the company thought it had secured was taken away from it and given to the rival road.

Mr. Poppleton wanted to know whether the freight referred to was shipped through Kansas City from eastern points or whether the cars were originally loaded at Kansas City. Governor Pattison replied that the freight was loaded on the cars at Kansas City.

"If there has been anything of that kind going on," said Mr. Poppleton, "you can save this company thousands of dollars, governor, by giving the name of the party who was responsible for it. We want to know whether that was done to the extent of a single car, or whether some able bodied, naked liar has been trying to mislead this commission."

The governor smiled at this outburst on the part of Mr. Poppleton, but without replying turned to Mr. Kimball and deliberately re-read the question from his note book.

"I thought the question an important one," he observed, "and have written it down."

Mr. Kimball promised to look up the record and report as to what extent cars had been diverted from the Union Pacific to other roads.

Mr. Kimball was asked if a man named O. P. Mason was paid by the Union Pacific road for making political speeches. Mr. Kimball said that name had been so paid and that O. P. Mason, the secretary of the state railroad commission, was referred to, he would say he Mason, had always been hostile to the Union Pacific road, and was particularly so just now.

Mr. Kimball, referring to a letter to the BEE from North Platte, in which it was asserted that the Union Pacific road is now charging \$1 more per ton for shipping Rock Springs coal to North Platte than to Omaha, said that this was not true and had not been for years.

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