Interview with Myron R. Allen

Interviewed on July 18, 1975

Interviewed at the Home of Mr. and Mrs. Myron R. Allen
McGregor, Minnesota

Interviewed by James E. Fogerty with Duane Swanson
Minnesota Historical Society

Myron R. Allen - MA
James E. Fogerty - JF
Duane P. Swanson - DS

JF: Today is July 18, 1975. We are at the home of Mr. and Mrs. Myron R. Allen in McGregor, Minnesota.

I was really enthusiastic looking through the papers. I had never looked through them until just the other day. It was very interesting to me, because I’m interested in the electric utility industry anyway. So much has been said that the early power companies never bothered to serve the rural areas, but this is living, breathing proof that they certainly did.

MA: That’s it, the point I wanted to bring out. Back in 1917, during World War I, the Eastern Minnesota Power Company out of Pine City built a line down from Braham to Isanti and down to Bethel, and they both were rural. Now, the Northern States [Power Company] at that time—it might have been a little later—had an experimental line out of Red Wing, I believe. At the time the REA [Rural Electrification Administration] started, they never got credit for any of their pioneering. It was a different set up then. Of course, the REA got their money at two percent interest; whereas, the private utilities had to pay more. Of course, they had their hands full with the larger towns.

JF: I noticed both General Minnesota Utilities and the Eastern Minnesota Power served quite a lot of farms and quite a lot of very small communities.

MA: Yes. Eastern Minnesota, I believe, had around, oh, over 1,000 farms at the time they sold out in 1928. And at the time we were absorbed by the REA in 1956, we had over 1,000 farms on our lines here. They were hooked up before the REA come in. One reason the REA wanted to purchase us is because they needed the farm business. They needed our business, and we found it to be in our interest to sell to them, because a lot of the people that were running the General Minnesota Utilities
were getting old. They were getting up in their seventies and eighties. You know, when you have an estate to settle, it’s hard to sell the stock if it’s not listed, like ours was. So, it worked out good for us, too.

JF: I’ve been interested in trying to figure out the relationship between these various corporations. Was R. P. Allen Company sort of the central core?

MA: That was the pioneering company. It is mentioned in that sheet of paper that Mr. [Duane] Swanson has. They were the nucleus. When they started the General Minnesota Utilities Company, the R.. P. Allen Company… That was my father, and he was known in the electrical circles in the state of Minnesota as one of the pioneers. General Electric and Westinghouse and all those wholesalers knew him. At first, it was R. P. Allen Company that was the construction company, building the R. P. Allen Company name. Then, the physical assets were turned over to the General Minnesota Utilities.

JF: In return for stock?

MA: Yes. The same thing was done with many railroads in the early days, you know.

JF: Oh, yes.

MA: I suppose there were certain abuses[?] there that were made. You had to have someone with a push to start, you know, and someone that was well known and willing to take a chance.

JF: As a matter of fact, I’ve read that General Electric did that itself a lot.

MA: Yes, they did. They had the Electric Bonds and Share Company.

JF: Right.

MA: They would do the same thing. Then, they would take the securities of the Northern States Power Company and the San Diego Gas and Electric Company and Commonwealth Edison of Chicago in payment of their material that they sold to them. That was common with them.

JF: Partly, I believe, it was a service, because nobody would have bought the bonds and stocks at…

MA: That’s right. They didn’t know what the utility company was going to be.

At the time when I first come up here, the only thing we had was we would sell the house lights and, then, the first thing they’d have would be a flat iron, an electric iron, then a washing machine, and, then, a refrigerator—that was a little a later on—and then the stove came, too.

JF: Did you, by any chance, sell appliances, too?
MA: Yes, we did, here. Then, later on, we got out of it as World War II come on, because they were hard to get, and there was the service problem with everything. A local dealer could handle it better, I think. There were many more of them. We were the only appliance dealer in this territory for many years. Of course, there wasn’t the demand for them as there is now. We take those things for granted. In those days, they were a luxury, you might say.

JF: Did Pine City Milling Company come before or after R. P. Allen Company?

MA: That was before. That was in 1898, I believe. That’s before my time. You see, the flour mill had a steam engine and a boiler there, and they had a little generator about that high, about two feet high. That was run just during the evening, because people didn’t want lights in the daytime, just in the evening. That came first.

Well, then, the Eastern Minnesota Power Company was organized. There was a power dam at Pine City on the Snake River. They wanted that to harness that hydro power for the mill at Pine City and the flour mill at Rush City. Then, the line was built from Pine City to Rush City. That was really the first step. They needed to extend it to Pine City. They had the flour mills at Pine City and Rush City connected to the hydro there. They still had a steam plant in Pine City.

JF: So the electricity was kind of a by product of the flour milling outfit?

MA: Yes, it was when it started at first. Yes.

JF: How long did the milling company last then? Did that continue on?

MA: Yes, that continued on as a milling company. But, of course, when the Eastern Minnesota Power Company was organized, then that was separated from the milling company.

There’s another memo to this. When we built into Cambridge, there was a municipal light plant in the Cambridge Flour Mill, similar to what was at Pine City. In order to get a franchise on Cambridge, we had to buy the flour mill at Cambridge. So they operated that for a few years, but those smaller mills were a thing of the past, you know. The economics of it was going into the larger mills. They could produce it better, and their product probably was made cheaper. In other words, the small flour mills couldn’t compete with the larger ones.

JF: Right. So Pine City Milling…then, an offshoot from that became Eastern Minnesota.

MA: Power Company.

JF: Now, R. P. Allen Company itself was organized as a construction venture then?

MA: Later on, in 1929. That handled all the building up here in the formative years, up on the General Minnesota Utilities.
JF: Did it construct things for Eastern Minnesota, too?

MA: Well, no, not as R. P. Allen Company. It was Eastern Minnesota Power Company.

JF: They did their own construction?

MA: They did their own construction.

JF: Okay. The R. P. Allen Company was formed before Eastern Minnesota was sold? Is that correct, or was it not?

MA: After.

JF: That was sold in 1928, I believe you just said.

MA: That was sold to a group of New York financiers. I can’t remember...

JF: Was it People’s Light and Power Company.

MA: People’s Light and Power Company, I believe. That was headed by a brokerage firm by the name of G. L. [sounds like Orse-ten] and Company.

JF: Oh, yes.

MA: Later, I think, they went out of business. A lot of them didn’t make in 1929.

JF: I noticed in one of the scrapbook a list of utilities: one in Kansas, a couple in California, and one of them was Eastern Minnesota.

MA: That was the People’s Light. I don’t think [Wilbur B.] Foshay got a hold of that. He wanted to get into it. In fact, I know he had made several approaches to my father. At the time, there was no cash [unclear].

JF: [laughter] Just securities.

MA: Yes. It was just a trade of security. During the 1920s, you know, there was very much financing of public utilities. They were bought and sold quite ordinarily, like they were commodities almost. Then, they would capitalize them and reappraise them, you know. But, they didn’t do that with ours, because we were a local institution. They had no connection with eastern financial interests; the Eastern Minnesota didn’t.

JF: You weren’t playing the stocks and bonds…?
MA: No, they weren’t. The only thing they did is they had a financial connection with the First National Bank in Minneapolis. They issued the bond issue for us. That was about 1926. That’s the Eastern Minnesota Power Company. Other than that, the financing was done locally at Pine City, Rush City, Harris, Braham, and the stock was sold to the customers there.

JF: That was quite impressive. I noticed that you had managed to place it all locally.

MA: Yes. Of course, the construction and the usage of electricity now and then is so much different. It would take more capital now.

JF: Well, Lord, yes. Some of them, like Foshay, I believe, and [Sam] Insul, too, many people, sold utility securities door-to-door to their customers.

MA: I think so. No, we never did that. We wanted our customers to be stockholders, but it was done through… Well, you had to have a license in those days to sell stock. You had to follow certain rules.

JF: Oh, yes.

MA: So they stayed within those guidelines.

JF: I noticed that you had, at one time, a customer ownership campaign to encourage people to own stock in the company.

MA: Yes, that was done. I believe Northern States did that and Otter Tail Power.

JF: I know Otter Tail did.

MA: They wanted their customers to be stockholders, because it’s just goodwill, you know.

JF: Good business.

DS: Would you say that most of the customers of Eastern Minnesota Power were stockholders as well?

MA: Yes. That’s what my father wanted it to be. In other words, he didn’t want the people living in New York City or California to own a big block of stock. Of course, the company wasn’t big, so it wasn’t possible. He would rather have the ownership locally, you know, and I think it paid off.

JF: It certainly seems to look like very conservative [unclear].

MA: [unclear] financing. Of course, you could be conservative in those days, but, then, you got fooled later on in 1929. Things went to smash.
JF: I was interested to notice that when your father and his partner sold out to People’s Light and Power, they got cash and not stock.

MA: Yes!

JF: Boy! I bet they were glad for that!

MA: That’s the only way they would ever do that. They had plenty of chances to take other preferred stock or common stock in the new company, but they’d say, “Why do that? We’ve got paper now. Why not just keep it?”

[laughter]

MA: That’s quite a story. I remember they got the options. They had all the common stock placed in escrow with the Minneapolis [unclear]. One hundred percent of the common stock was placed in escrow. This fellow from New York would pay $50,000 down. He was supposed to close out the deal in thirty days, but he didn’t. So, the attorneys advised to get another extension. Well, it went on for about eight months, and, then, nothing was closed. The buyer, he was looking out for his interest, the conditions of the market in the east, too. The [unclear] were up then. It ended up that they had an escrow of $400,000 cash. Well, the attorneys advised them to pay that $400,000 to the common stockholders, pro-rata, and get that in their hands. I don’t know, but I think it was pretty good advice. The deal could have fell through, you know.

JF: Sure.

MA: Then, this man could have wanted his money back, I suppose. It would be pretty hard to collect from each individual stockholder. [laughter]

JF: Yes. Then, the rest of it came through [unclear]?

MA: The rest of it came through, yes. It came through.

JF: That was really beautiful.

I wondered. I didn’t have a chance to look up and see whether People’s Light and Power is one of those that went down in the 1930s like so many did.

MA: They did, I believe. I think they were merged or… [pause] Actually, it was sold to one person, and what that one person did, he organized another company. Then, only the Eastern Minnesota went into People’s Light.

JF: I see.
MA: You see, a lot of that was done. There was no security and exchange rules, as we know them now.

JF: Yes. That was interesting. I was interested in noting the scattered electric properties [unclear] were really very widely scattered.

MA: Yes. Then, I think they sold some of those or they liquidated them after that.

JF: Of course, I realize that your company wasn’t involved in it then, but Eastern Minnesota, I understand, formed a nucleus of what is now the East Central Electric Association?

MA: Yes.

JF: That co-op?

MA: Yes, that co-op.

JF: They must have bought it, then, eventually from…?

MA: From Wisconsin Hydro [Electric Company].

JF: Oh! Wisconsin Hydro owned it then?

MA: Wisconsin Hydro owned it. See, Wisconsin Hydro was part of People’s Light and Power Company.

JF: That’s the one that was in Wisconsin? I remember there was one in Wisconsin.

MA: In Amery, Wisconsin, and, of course, Eastern Minnesota was contiguous to that. They built a power line connecting the Wisconsin [unclear] with Minnesota.

JF: I see.

MA: Well, later on, Northern States bought the Wisconsin Hydro and the REA bought the Eastern Minnesota. But, we had no connection with selling the Eastern Minnesota, at that time, to the REA.

JF: No. I understand that.

MA: It was just this company, the General Minnesota Utilities, that we sold to the REA.

JF: Right. You’d already sold Eastern Minnesota.
MA: We’d sold it. We were out of it. There’s a difference. I don’t just know much about it. When we sold the Eastern Minnesota, we sold the stock of the company. When we sold the General Minnesota Utilities, we sold the physical assets, see?

JF: I see.

MA: We got cash both times. But, when you sell the physical assets, the corporate shell remains there. We could have taken that money and put it right into the corporate shell and left it there.

JF: As a holding.

MA: As a holding, but we didn’t do that. They wanted to get the share…

JF: Well, that was liquidated, then, as a corporation.

MA: Oh, yes. That was liquidated. You bet. Now, when you liquidate a company, you’ve got to get clearance from the Internal Revenue and everything’s got to be done…

JF: According to Hoyle. [chuckles]

MA: That was done about twenty years ago…not according to Hoyle, but very good legal advice, so we didn’t have any trouble.

JF: Was General Minnesota a Delaware corporation, too? I noticed Eastern Minnesota…

MA: Yes, Eastern Minnesota was a Minnesota corporation, and General Minnesota was a Delaware corporation, yes. The reason for that, I believe—my impression—is that at that time Minnesota had a double liability on the stockholders, but it was changed along about 1930. About the time this was organized, it was changed to not a double liability, whatever they called it. That was one reason why a lot of companies incorporated in Delaware.

JF: It’s also a good reason.

MA: It would be a double liability, like banks here [unclear].

JF: Right. Now, we’ve got this mapped out a little bit. There’s still one other corporate entity here: the Minnesota Investors Corporation, which is kind of interesting.

MA: That was separate entirely. There was no connection between any of the power companies, except my father was on the board of both companies. He was president of the General Utilities Company and the Eastern Minnesota Power Company. That was sold, and the Minnesota Investors…and they closed [unclear]. That was formed in about 1929 and liquidated about 1953 or 1952.
JF: Lasted out the Depression?

MA: Lasted out, and they paid everything off there. They had big ambitions for that, but it didn’t work out when it got pretty tight and the war came on, you know.

JF: It still surprising that it lasted out the Depression. It must have been well run.

MA: It was conservatively managed.

JF: I noticed that this is associated with R. P. Allen Company, too.

MA: No, there was no corporate… There was connection with the [unclear], but I don’t believe there was any corporate interconnection, like holding stock. You had to be careful of that. The Holding Company Act [Public Utility Holding Company Act] come in about 1935, and if you had interlocking boards of directors that were… Well, it wasn’t permissible to have those interlocking. I think they even have them yet and you have to watch, especially with finance companies.

JF: Minnesota Investors then did not own stock in the General Minnesota Utilities Company?

MA: No. They owned stock in, oh, investments like U. S. Steel or Northern Pacific Railroad, other utilities they had. But I don’t believe they had any, not to my knowledge. If they did have some later on, they would have had to dispose of it. I believe there were some rules concerning interlocking directors.

JF: That sentence, clause, had a whole lot of stuff in it.

MA: Yes.

JF: When did R. P. Allen Company then cease to become a construction company for the utility companies and become whatever it became? I noticed it was connected with real estate.

MA: Yes. That came, I believe, if I recall right, about 1935, when the law on the holding company came in. It had to divest itself of certain utility stock.

JF: Which R. P. Allen held itself?

MA: Yes. They had to give that to the stockholders. Each stockholder got a few shares of stock in order to conform with that law.

JF: R. P. Allen Company…the stockholders were all members of your family?

MA: No.

JF: Oh, they weren’t. I see. It was not a family holding company.
MA: Oh, no. No. No. No. They did think some of it at one time, but, no. There were other stockholders in that. I think my father was the only stockholder [unclear]. I might have had a few shares. If I remember right, there was a tax ruling at that time on family holding companies. I believe they were taxed on the dividends [unclear].

JF: There was that double taxation.

MA: Double taxation, that’s the word.

JF: You got taxed when they were [unclear].

MA: That’s why they didn’t do that. They were going to do that.

JF: A lot of people did.

MA: A lot of people did that. I think there was a financier in Rush City by the name of John C. Carlson. He and my father were associated. He was interested in these companies, too. I think he had a family holding company. Now, I’m not sure of that, but that was my impression that he did have one. I don’t know if he still had it or not.

JF: It could be kind of expensive.

[laughter]

MA: Yes, it would be. Double taxation.

JF: I noticed that the letterhead of some of the R. P. Allen Company papers listed insurance and real estate, too.

MA: Yes. They all did dabble in that a little. They never did much. But after we disposed of the construction company and the other interests in utilities, purchasing and that, they still kept the insurance and real estate. That was more or less a sideline. The corporation was there, and they kept it going. I liquidated that after my father passed away. There wasn’t much left of that.

DS: The real estate was, basically, in Pine County?

MA: Pine City, yes. We had some up here, too. We had some in McGregor here. We built a half a dozen homes, and we had some property on Main Street and some in Hill City and some in Black Duck, some real estate where we serving with electricity in case we’d want to use the real estate. Toward the end there, it was more of a corporate shell. It was finally liquidated. I think that was a Delaware corporation, the R. P. Allen Company.

JF: It was also Delaware.
Minnesota Investors was liquidated in the 1950s, you said.

MA: In 1952 or 1953.

JF: One question I wanted to ask you, too… One of your two utility companies had a common device back then: two classes of common stock, A and B. Was that Eastern Minnesota or was that General Minnesota?

MA: I think it was General Minnesota.

JF: One thing I couldn’t find though was whether one was voting and one was non-voting or if there was any distinction at all between them.

MA: They probably didn’t issue any of the second class. They might have had two classes, but I believe only one class was issued.

JF: I noticed that was a sort of a usual practice back then.

MA: Yes, some voting, but I believe it all voted. In fact, I’m positive all the common stock voted. I know that was true in the Eastern Minnesota, because at the time that they sold and put the stock in escrow, the common stock was all they needed to do [unclear] preferred in escrow.

JF: The preferred was voting, too, I believe, though, wasn’t it?

MA: No.

JF: One of the companies… Maybe it was General Minnesota that had voting-preferred stock.

MA: Yes.

JF: I was interested in that, too. They had given the preferred stockowners the right to vote, apparently, without the usual suspension of dividends provision, where preferred can vote only after the elimination of so many preferred. It was kind of interesting that they had given preferred stockholders the right to vote right along with the common.

MA: At the time the Eastern Minnesota was first started, there was a common stock and, then, there was a voting-preferred, I believe. I believe they called that in or got rid of that, and they had it all common. The preferred would share with the common anyway, so it was superfluous, so they wanted to get it all one class. Now, I’m not positive, but I believe that was done.

JF: That sounds familiar. I think you have that right, that it was called.

MA: It was called, yes. Then, they had all one class of common.
JF: Right, which is what it lists here.

MA: It simplified it.

JF: You had very nice simple, straightforward utility. It was not like some of them I looked at with about fifty kinds of issues of preferred.

MA: A lot of those brokers houses, at that time, wanted to get a hold of our company. That’s the first thing we did… Of course, these men that were running it, they were all from small towns and some from the banks. They were farmers and that, and didn’t go for that.

JF: Well, thank goodness.

[laughter]

MA: They had to live there. It all paid off in the long run. I think your public relations, you know, you have to look at as a permanent thing. That’s one thing about Northern States Power Company. I know my father and Mr. [sounds like Peck] were very good friends. This was back in the 1920s. I think you’ll find Northern States today has very good public relations. Well, in fact, I have stock in it myself. I know I get the reports, and I think it’s a very conservatively run public utility.

JF: I feel sorry for all the utilities right now. They’re in such bad trouble. The public doesn’t really understand.

MA: Northern States has got about fifty percent coal and about fifty percent nuclear, so they’re better off than a lot of them.

JF: If they can just keep the conservation [unclear].

MA: Yes. Yes.

JF: We have done some work with the Wright and Adams families in Fergus Falls, connected with Otter Tail.

MA: Adams and Wright…my father knew them.

JF: I’m sure he did.

MA: I think my dad as a little boy lived in Fergus Falls.

JF: Oh, really?

MA: Yes.
JF: It was interesting to me because your companies came about much the same way theirs did...a dam and a mill.

MA: Yes, we started with a flour mill.

Then, there was another one in Minnesota. I don’t know if you have heard of the Union Public Service at Canby?

JF: No, I don’t believe so.

MA: I think that’s Otter Tail now. That was run by a man by the name of Savage in St. Paul. Mr. Savage ran that. I think he owned it, he pretty much personally owned it. It was called Union Public Service, and that was purchased by Otter Tail.

JF: Northern States, at one time, was a North American Company. Wasn’t it part of North American, that huge holding company out of New Jersey?

MA: I thought that was Minnesota Power and Light.

JF: Maybe that was it.

MA: There’s Minnesota Power and Light, and, then, they had...

[End of Tape 1, Side 1]

[Tape 1, Side 2]

JF: Yes, at least controlling interest, and it was held by the EVESCO Company.

MA: And Byllesby [H. M. Byllesby & Company] was in there, too.

[break in the interview]

JF: One thing I would like to know, since you were actually in it—your father was in it—is how did he find...? Did you ever interconnect, very early, with some of the companies that were owned by the big eastern holding companies?

MA: No, my father was very slow in doing that. [chuckles] He had his reasons. We did, finally, before we sold out, interconnected with the Northern States Power Company at Sunrise down in Taylor’s Falls. We had an interconnection there. I think they purchased it for two cents a kilowatt. He wanted to stay independent of all of them. That’s all right, but if you have a generator blow up or something, you can... The way they do it now, you have to interconnect, which is probably the
correct way. You can lean on one another, you know. Even the REA is connected with Northern States.

JF: Sure.

MA: But he didn’t want to connect with any of those, except in the last year, just before he sold out, he did interconnect with Northern States.

JF: You generated all your own power?

MA: Generated it all.

JF: Where were you major plants?

MA: They were at Pine City, and they were at Milaca. Milaca was diesel and Pine City was steam. Then, we had that hydro plant, [unclear] power. That’s taken out now. That’s not there anymore. Well, the steam plant isn’t either, as far as that goes. They have the diesel as standby. We had a good-sized diesel over at Milaca. That was one of the first ones in Minnesota, that one in Milaca.

JF: These were Eastern Minnesota’s plants?

MA: Eastern Minnesota’s.

JF: Where were General Minnesota’s plants?

MA: They were here at McGregor. They were at Remer and Black Duck.

JF: You served quite an extensive territory.

MA: Sure. I remember when we built the line in Lake George down by Anoka. We could see, sometimes on a foggy night, the lights on Hennepin Avenue. You know how it reflected up.

JF: Yes.

MA We could see those lights there. They were wondering if they’d ever have them on the line.

[laughter]

MA: I think it was more of a joke though.

Then, from Black Duck, we ran up to south of International Falls about forty miles. So, we were almost from the city of Minneapolis up to the Canadian border.
JF: That was really impressive, and it was serving the country that some of the bigger companies thought wasn’t worth anything, and you made a very fine business of it.

MA: We pioneered on that. Of course, I can see their point of view. They were interested in the bigger loads, naturally, because their investment would be more. You take like Minnesota Power and Light, they’d have one [unclear] on the Iron Range ten times what our whole load would be. It all worked out. It was part of the development.

JF: We have a regional center in Bemidji, which I go to quite a bit. I wondering if that Beltrami Electric Co-op had taken over eventually some of [unclear]?

MA: [unclear] over. That was, I think run out of Bemidji.

JF: Yes, right, just outside Bemidji.

MA: They [unclear]. I think Bemidji is Otter Tail Power, isn’t it?

JF: I can’t remember. I think it probably is. It’s not Bemidji. It’s Beltrami Electric Co-op, I think. Quite a number of those towns are Otter Tail.

Speaking of Otter Tail brings up Elbow Lake, where Elbow Lake bought that municipal system. During the 1930s, let’s say, did you ever have any of your municipalities decide that they wanted to buy [unclear]?

MA: No, we didn’t. There were several of them around here. There was one at Moose Lake. There was one at Mora. That’s the old Eastern Minnesota.

JF: And those were municipal plants?

MA: [unclear] You see, our towns were smaller, a little small. There wasn’t the load. Mora, they had a pretty good load. Moose Lake, I don’t know how that is coming out, but North Branch is shut down. You see, lately, the trend is against the municipal plants because the small power plants, just like the small creameries, they can’t compete with the larger ones. The economics of it is that the more you make, the cheaper you make it, up to a certain point. That’s why these small municipal plants don’t stand up in these times, you know.

JF: Plus the cost of construction and [unclear].

MA: Sure. Over at Aitkin, now, they had a municipal plant over there. They tied in with the Minnesota Power and Light, and they get very good service. We’re on REA, but I think we get ours from Minnesota Power and Light, too, with a substation at Kimberly.

JF: So, to all your co-ops here, it’s distributed?
MA: I think so, yes. They are planning a big steam plant in North Dakota running a line out this way.

JF: I read about that. That’s a cooperative venture, too.

MA: Yes. They’ll put it into the power pool, put it in at one edge of the power and take it out from another part of the pool.

JF: It gets kind of complicated sometimes.

MA: It does, yes.

JF: I know one of the problems in Elbow Lake was that…

MA: I read about that.

JF: It was just a couple years ago, I believe.

MA: Was that Northern States?

JF: No, Otter Tail. They sued to bring it back, and, then, they sued Otter Tail saying that they were charging too high rates for reeling their power in.

MA: Yes, that was it. I didn’t follow that. I think Otter Tail lost that, didn’t they?

JF: They did, which was too bad. I wonder, with these higher rates and higher prices for everything since then, if they’re very happy that they did that. I think they would have been smart to stick with Otter Tail.

MA: Absolutely, they should have stuck with Otter Tail because the trend is away from the small plants. It was all right when you started. When you first pioneered, they were all right. It was the only thing; that’s what we had to do. My gosh, you can’t compete with a big power plant that’s making a lot of it and cheaper. It’s just not in the economics of it.

Of course, I’ve always worked for investor-owned utilities, and I probably favor them more. I think they’re doing a good job. That’s what I think. I think one thing the REA has found out is—like this big sleet storm they had on some of their lines—there’s something else besides just politics, you know. You have to give service with it.

JF: Yes, I understand. At least the Minneapolis Tribune reported some rather unhappy customers.

MA: Why, they were out for a month, you know. Well, the private utilities had to contend with that.

JF: But, out there at least, the private utilities got their lines all back up much faster.
MA: I know they did. I know what sleet storms are.

JF: I'll bet you do.

[laughter]

MA: In 1936, we were smeared with ice all the way from East Lake way down the Kettle River and back again. The wires started to jump like that and gallop around. Then, all of a sudden, they'd bust.

JF: That must have been really rough back in those days getting crews out.

MA: They were [unclear] on the roads. They didn’t have snowplows then.

JF: Or these big utility rigs. What did you use for repairing [unclear]?

MA: We had trucks. We just had to get through the best we could.

JF: With whatever equipment you had.

MA: One good thing about it, there wasn’t the load that there is now. There [unclear] burners. Now, in this blizzard we had here, we were lucky, the power stayed on. We’ve had very good service here, very good service. We can’t kick at all. That one blizzard we had was a humdinger.

JF: This last winter?

MA: Yes, last winter, January 15.

DS: During the 1920s in the Eastern Minnesota system, would you have many power outages in a winter?

MA: No. I remember in 1922, they had a couple bad storms. We even had them up here. In those days, the creameries were one of the most affected. We had a lot of creameries on our lines.

JF: I noticed.

MA: Yes, we had a lot of creameries. There wasn’t the load like there is now, you know. Like oil burners, there weren’t many oil burners then, especially the [unclear] oil burners. We had problems, too, then. We all had a certain amount.

DS: Would you have a crew stationed in several different towns?
MA: Sure. Yes. We had one at Braham. We had one at Isanti. And, later on, when we got all of Cambridge, we had a crew at Cambridge. We had one at Milaca, and one at Isle.

DS: Cambridge was served by a municipal system before?

MA: Yes, they had a municipal plant there. That was in the flour mill. See, we built a line down to Isanti. We went alongside Cambridge, and they wanted to sell that, but we had to take the flour mill with it. That was purchased, and that was called the Allen Mill & Company, at that time. That was run for, I think, oh, up until the time we sold out. [unclear] flour. We sold a lot of it, even up [unclear].

JF: How long did the Pine City Milling Company operate?

MA: They operated up to, let’s see, about 1945, but they didn’t make flour. They bought it and toward the end there… In fact, the old mill burned down, and, then, they built a new mill, but that was more for buying grain and grinding seed, but it didn’t make flour. They sold flour, but they purchased it.

JF: They were never in the grain storage business?

MA: Just for their own use. That’s still in business down there.

JF: It is?

MA: Yes, in Pine City. It’s still in business there, that is, as a grinder of feed and selling flour, you know. They didn’t manufacture flour.

JF: One other organization I noticed was tied into, too, was the First National Bank. Was it, of Pine City?

MA: Some of the members that were on the board of the Utilities Company were on that board. The bank was conservatively run. It never was overextended in loans to the Utilities Company. I think a bank is allowed to lend just so much money.

[Mrs. Allen comes in the room and there is a brief period of extraneous conversation, which has not been transcribed]

MA: To get back to the First National Bank. I don’t know what it was, some ruling. See, I never was connected with that bank, although, my father was president. [unclear] was living up here. I never was active in that. At one time, they could have as many directors in the bank as utilities. I think the Otter Tail Power Company, their bank at Fergus Falls, had men back and forth on the board. That’s the way it was in Pine City, but they never were really financially involved in the financing of it. Toward the end, it was the bank in Minneapolis that floated the bond issue. That’s the first stock we sold, sold ourselves.
JF: I noticed that the bank survived the bank run and everything and never went down.

MA: Yes, never had any trouble. Yes, that bank was all right there. I think it’s still running.

DS: Yes.

MA: Isn’t [unclear] Braham in there?

DS: Gee, I don’t know.

MA: It changed hands a couple times.

DS: That was the bank that Leonard Machart was…

MA: Yes. Leonard Machart, is he still living?

DS: Oh, yes, he’s still living. I think he retired from the bank.

MA: Yes, he did.

DS: Now, I’ve lost track of…

MA: If you ever run onto him, I wish you’d say, “Hello,” to him from me.

DS: He’s good friends of my family.

MA: Oh, yes, he was very well liked down there. You bet, everybody liked Leonard.

DS: It wasn’t too long ago that my mother had a long talk with Mrs. Machart and family in Pine City.

JF: I noticed General Minnesota, at one point, took over a number of small ones, like, was it Tamarack Light and Power?

MA: Yes.

JF: And Remer Light and Power?

MA: Yes.

JF: Did they pay for this cash or did they pay with bonds and stock?
MA: Some they paid cash. I believe in that circular you have there, there’s some of that. I think they paid $9,000 to the Remer plant. Then, the Black Duck, I think they paid for that in stock. And the one in Tamarack, they paid about $3,000 for. See, there wasn’t much there. It was just their own little plant and probably about ten, twelve customers down Main Street, but they held the franchise.

JF: That’s what you really bought.

MA: That’s what you really bought, the permit. A lot of people wanted us to build right in without paying any attention to the franchise, because they didn’t have the capacity for a 25-horse motor or anything. Well, we didn’t like to do that, because, you know, it leaves a bad feeling.

JF: Ill will.

MA: Yes, although a lot of them probably would have done it. On the whole, we’ve had pretty good public relations. The towns were small [unclear].

[chuckles]

JF: It’s very interesting. As I went through the records, I really got very enthusiastic about them, as I said, and I’m thinking of, maybe, microfilming some of your records down at the [Minnesota Historical] Society because they’re really beautiful. What do you think, if you know, ever happened to, oh, like the minutes of directors meetings and the stock ledger books and stuff like that?

MA: I don’t know.

JF: I was wondering.

MA: I think they might have been turned over to the purchaser. I know the purchaser, and he didn’t keep them long. One time, I talked with him, and he said he was going to haul them out to the dump.

JF: Oh! Well, I was thinking, when I saw that Eastern Minnesota had been sold to People’s Light and Power, God only knows what happened to those when it went down in the 1930s, to the records.

MA: Yes. That was a cash sale. Of course, that was paid off to the stockholders and the bond holders.

JF: Right. But I wondered what happened to the company’s records, whether they had just been transferred over to the new company…

MA: They might have done that. The Eastern Minnesota, that’s about almost fifty years ago. Of course, there wouldn’t be any need to… The records are all out of ink and everything.

JF: It would be fun to have them if they were around.
MA: Yes, fun to have for anyone interested in that.

JF: That’s why this is all very valuable, too.

MA: May I see that just a minute?

JF: Sure.

[pause as Mr. Allen looks at document]

JF: I imagine that General Minnesota’s records got turned over to the REA?

MA: I think so, and I know they didn’t keep them, because he told me one time, the fellow, that he was going to haul a whole bunch of stuff out to the dump. I said, “Well, it’s your stuff.”

JF: Ohh, gee.

MA: My father wrote this. It was a memo before he even started the Utilities Company, dated September 3, 1927, and he sold out to the Eastern Minnesota over a year later. So, he had his eye on this territory up here, see? He says:

On Thursday, September 1, I visited McGrath, McGregor, Palisade, East Lake, and Aitkin, all of Aitkin County. My object in making this trip was for the purpose of informing myself on the general layout of these towns with a view to future extension. East Lake is merely a hamlet and not worth consideration. McGregor is a promising town. It is at the junction of the Northern Pacific and the Sioux Line, is not supplied with electric service at the present time. Palisade is located on the Mississippi River, is a very good town, possibly 300 population, but surrounded by a good country, and I believe will grow. I rather question if this town will go without electric service for any length of time.

Then he goes on to say:

Aitkin is supplied by a municipal plant, is a fine town, with the possibility of 1500 population. The electric plant consists of two Ideal engines.

Then, he goes on with their rates. Then he says:

I have in mind the matter of suggesting that we develop some of the smaller towns in that vicinity…

See, he wrote this when he was still with Eastern Minnesota.

…which shall include those mentioned above, and with the view of tying into this company’s lines later on, which shall put us in a position to bid for more service in the area. McGrath is a promising town. It’s surrounded by an excellent country. It is, however, extremely primitive. I believe we should plan on extending our service to this village, but there will be no harm in delaying it until next year. I planned on visiting Lawler, but due to the bad condition of the side roads leading to that
village, did not do so. Later on, I will visit that town and also Tamarack going on into Moose Lake. All of these towns, with the exception of Aitkin, are of the backwoods type, just coming out of the lumber and into the agricultural activities. Any large [unclear] of land in northern Minnesota will increase the population of the towns very rapidly.

He had it in mind, you know, what he was going to do. I think if he didn’t sell out, he would have had this with the Eastern Minnesota.

JF: Tied them together into one big system?

MA: Yes, that’s what would have happened.

JF: It’s interesting because his report, which I hadn’t seen before, reminds me very much of reports that, Duane, I know has seen in the railroad papers, and, also, that we’ve seen in the lumber papers, how the early lumbermen and railroad men went out and that was the only way they knew what was there…scouting it themselves.

MA: Sure. Yes, my dad knew Jim Hill of the Great Northern [Railroad]. Of course, he was older, a lot older…admired him. This was not to be compared with the Great Northern, but, at the same time, it was pioneering, you know.

JF: Sure.

MA: The Great Northern is one of the few railroads that never went through bankruptcy. Well, we were lucky we didn’t have to either.

JF: Right.

DS: When you were discussing the system that your father used in putting every little piece together all very logically and running it conservatively, the only thing I could think of was, this is exactly what Hill did with the railroad. When he was to build a new line, he’d form a special company to build, construct, that line, and, then, after it was profitable, integrate it into…

MA: That’s the whole thing. That was the reason for that. Of course, a lot of economists don’t see it that way. They think the profit motive was the only motive. It wasn’t true. They had to do a lot of pioneering, and a lot of it didn’t work out, you know.

JF: Sure.

MA: If they had a line that was built and not profitable, you wouldn’t want to take it in on the same basis as the old line. It was what was done and, of course, there probably was abuses, but there was a lot of good points to it.

JF: Right, especially when you’re working with a commodity here that people didn’t know very much about.
MA: That’s right.

JF: And, you know, it was brand new. Everybody was still back in the gas lamp age.

MA: It used to worry me at the time the REA started. Of course, it worked out all right for us. We sold out to them, and they needed us, and we probably needed them. When they first started out, the REA, they were saying how the utilities companies never paid any attention to the small farmer and all that. My golly, we were doing that here for about ten years, even on the Eastern Minnesota, and the Northern States was hooking them up down there, too.

DS: It sounds like your father must have had lots of meetings with the farmers or small businessmen in the various towns and villages around.

MA: Yes, but they never had the publicity though. Well, it worked out all right.

DS: I was most interested in reading in the issues of the *Eastern Minnesota News*. Each issue had lists of farmers that had been connected since the last issue. I knew them all. I could go from place to place and name them, and it was really very all-encompassing for many of the farms.

MA: We had those rurals around Bodum, you know, east of Cambridge, I believe. We hooked those up, a whole bunch of them. They were all very profitable farmers, good farmers there, and that line made money. That extension in there made money. I know we never had any trouble collecting from them. They paid their bills promptly.

JF: I couldn’t help but think as I read all that stuff that this was a beautiful case, example, refuting that idea that all the utility companies only served the cities. I thought, well, here’s rock-hard proof that it was not true.

MA: Yes. When the REA at Aitkin—of course, I hadn’t said anything; I’m out of the picture—had their twenty-fifth anniversary over there, the REA and Aitkin Development and everything, they never even mentioned us.

JF: Yet, your lines were the ones they took over.

MA: We were the first ones in there, but I think there might have been a little, oh, professional jealousy or antagonism or something. I don’t know what it was. It wasn’t on my part, because I had all I could do to run this. I didn’t want any more business. [laughter] There was room for both. But it kind of made me feel funny. They could have at least mentioned us, you know.

JF: Yes, of course, they’re interested in proving their point, I’m afraid.

There were several news articles in the newspaper clippings for General Minnesota showing that the company far from raising its rates, lowered them several times, which was interesting also.
MA: Now, I see the REA is raising theirs. Of course, that’s to be expected.

JF: I read an interesting article recently in *Forbes* on the TVA [Tennessee Valley Authority].

MA: They’re having problems, too.

JF: Sure they are. They can’t raise money, and they’re in just as much trouble as anybody else is. Of course, I think that utility finances these days is just dreadful, probably.

MA: I think it’s more of a regulation problem now. They’re beginning to understand what the utilities have to [unclear] now. It’s a funny thing, you know. Here, about forty years ago, they wanted the utilities, the big ones, to get rid of their coal and use oil, and a lot of them changed over right here in Minnesota. It cost them millions of dollars to do that. Now, they’re saying, “Take out the oil and put in coal.” You know, to change back and forth like that every time they make a complaint or a new discovery costs money. The consumer pays for it.

JF: Certainly, they do. Another thing that I think is too bad is the price. Everything that utilities use has gone up, but they cannot raise their rates. That’s how they get approval. That’s poor business, you know. If you’re a businessman and you’re paying twice as much for aluminum, you’ve got to raise the price of your product.

MA: Yes. I was out in San Diego about a month ago. They were having the annual meeting of the San Diego Gas and Electric on television. We happened to have it on.

JF: Oh, my God!

MA: So, we watched it. They’re having quite a problem there. See, they’re largely oil out there. I think their regulation climate is a little better. It’s a little softer. At one time, it was very hard. Another big holding company is the Southern Company down in Atlanta. They’re having quite a time.

JF: I wouldn’t want stock in Southern, I’m afraid, right now.

MA: It’s a holding company.

JF: I know, but their biggest constituent, I think, is Georgia Power.

MA: Yes. They got a raise, but I don’t think they got what they wanted.

JF: They got only $350 million and they had asked for $800 million. That was just to bring them even, because they were building these new plants and not being able to pay for them. I know San Diego has been in a little trouble because of the cost of imported oil, I guess. It just skyrocketed;
whereas, I believe it was Southern California Edison, isn’t it, that has a lot of nuclear, and they weren’t hit quite so badly.

MA: San Diego owns this big coal plant in Arizona, or is it New Mexico? It’s quite a ways, about 400 or 500 miles away. It’s going to be on the line pretty soon burning coal. Well, now, they’re complaining, the environmentalists. Out on that desert with nothing in there, they’re complaining of the smoke.

JF: I know.

MA: So, by golly, I don’t know what they…

JF: I had an interesting man in class. He’s the head of the Environmental Protection Agency. He came to speak to a group that I was in. He said, “Oil is bad. Coal is bad. Uranium is bad. Natural gas isn’t even that good.” So someone said, “Well, what would you suggest they use?” Well, he didn’t have any suggestions, which I thought was really pathetic. You know, he criticized all four major fuels, but he had no alternatives.

MA: That’s been the trouble with this. I think things are going to work out all right with the utilities. Of course, that’s the only business I know. I’ve been in it all my life. But, I think it’s going to solve itself with some help or a different climate. I think Minnesota has a pretty good regulatory climate, that is, fair.

JF: It will be interesting to watch this new commission.

MA: Yes. I think they’re fair though. I don’t think their minds are set. I think they’re open; that’s what I mean.

[End of Tape 1, Side 2]

[Tape 2, Side 1]

MA: …and from Fridley up into McGregor, it was bumper to bumper all the way. They were not only hauling trailers, but there were campers with boats on top and boats behind. I said to my wife, “My God! this isn’t a depression.”

JF: That’s what I thought. I just got back from Bemidji. It was the same way all the way to Bemidji, every step of the way…from California, Alabama, New Jersey.

MA: I think Detroit [Michigan] probably has been getting it hard, but it sure isn’t around here with all the spending of money on gasoline, fishing and everything.

JF: They said, even last year when there was more of a scare, the resort business in the state was pretty good.
MA: We never had any shortage of gas here. I think they were getting some of the gas from Canada.

DS: Yes.

MA: The pipe line is only here about twenty miles going into Superior.

JF: Is that Lakehead [Pipe Line Company]?

MA: Yes, Lakehead. [unclear] The economy out in California, they were lined up, and, by golly, they’re sitting right on the oil well, and gas is about ten cents a gallon higher out there than here.

JF: That’s strange.

MA: Isn’t that strange though?

JF: We had friends who recently moved down to Wichita, Kansas. “Boy,” he said, “that’s really a boom town.” Apparently, both Beech [Aircraft Company] and Cessna [Aircraft Company] had real good years last year.

MA: The same way up at Hibbing, there’s no depression up there. That taconite…

JF: Are they going to expand some of the plants?

MA: I guess so. This empties into Lake Superior though. I don’t know what they’re ever going to do there. If they ever shut the taconite plant down… My golly, they can’t do that. I think they’d better to put up with that as long as they can’t prove anything with the asbestos. Leave it in there for a while until they can prove it [unclear] the water now.

JF: It’s like someone said—what was it fifteen years ago whenever that plant came in?—that the state begged them to come, gave them special taxes, built a town, and, now, they’re beating them over the head, you know, bad citizens and all this kind of stuff. I remember Donald Cook, president of American Electric Power Company, that big holding company with the Ohio Valley [Ohio Power Company], said, “As soon as we put up a new smokestack that meets environmental regulations, twelve months later, they come along and say it’s not tall enough, because, now, they’ve got new regulations.”

MA: Northern States, didn’t they run into something on their Riverside station in downtown Minneapolis?

JF: Right.

MA: They put up a stack there.
JF: Another problem they’re having with Riverside is they wanted to expand the Pig’s Eye coal loading facility, so they can bring in more Montana coal, but the city won’t let them because they don’t want a big coal dump there.

MA: Is Pig’s Eye in St. Paul?

JF: Pig’s Eye is in St. Paul, right. It’s a big coal holding facility and supplies the Riverside plant by barge, as well as the High Bridge plant in St. Paul. They wanted to expand it—it’s a beautiful place—but the city won’t let them.

DS: Where do they think the coal is coming from then? [chuckles]

MA: The Becker plant, the big power plant in Becker, they’re getting their coal from Montana there. Minnesota Power and Light at Cohasset has a coal train that comes, and that’s working out pretty good. See, we’re lucky here. We’ve got coal, but if they stop that, I don’t know…

JF: Yes.

DS: One other thing I wanted to ask… In, say the 1920s and 1930s, did the utility companies have to do any recording to the government of anything?

MA: Yes, oh, yes. They had, I think it was called, the Federal Power Commission. Yes, there was a lot of government reports it required. It isn’t anything like now. At one time, the Eastern Minnesota Power Company had a power dam site on the Lower Snake River.

DS: Below Pine City?

MA: Below Pine City. I don’t know whatever became of that. I suppose the REA owned it. We were going to have a power plant there, and we could have had a pretty good-sized, probably about 10,000 kilowatt, hydro plant. Of course, now, that’s peanuts. That isn’t worth bothering. They had a hearing in St. Paul about 1923. I remember I was going to the university [University of Minnesota] then. The Northern States was going to put a dam above Taylor’s Falls at a place called Nevers Dam. That’s an old logging dam there. Had they put that in, it would have backed up on ours in the Snake River, see? Well, nothing ever came of that; it was just a hearing, and the Federal Power Commission was sponsoring the hearing. They didn’t have any Railroad and Warehouse Commission at that time, you know.

JF: Of course, you were just getting started back then, too.

MA: Sure, and there weren’t the problems there are now. One thing about this Railroad and Warehouse Commission: I think that’s a good thing now. At least I don’t think the municipalities are included in it. That isn’t [unclear], perhaps, but the REA is included, and it should be. That’s all right. That’s good.
JF: Yes, I agree with you.

MA: After all, they’re in the light and power business, too.

DS: That whole dam business on the Snake River has been a source of controversy for decades now.

MA: Yes. I don’t know what it is now. I’m out of it. During the WPA [Works Progress Administration] days in the 1930s, they put the old dam back. They wanted to raise the water. Well, then, they had another suit, and the judge ordered it out, so the dam was taken out. Then, they raised enough money—I don’t know how they went about it—and they put it back in again. I think they bought up a lot of land around there or something. Then, these floods we had, what did that do? It must have made the water awful high.

DS: Yes. There can be water all over. Our farm is about a mile and a half from the river.

MA: The Snake River?

DS: The Snake River. Well, all throughout the spring when it’s high water…

MA: It must be terrible. Like last year, I know Ann River going down [Highway] 65 to Mora, you could see Ann River was flowing way over there and even the Groundhouse River down there. I remarked to my wife several times, “My golly, that must be pretty high in Pine City.”

DS: I think they’ve lowered so a lot of it goes through now.

MA: Oh, they have changed it?

DS: Yes.

MA: They should have.

DS: But, even so, last spring, the water was almost over Highway 70, and we’re right on 70.

MA: [Highway] 70, that’s near [Lake] Pokegama, isn’t it? No, that runs from Rock Creek.

DS: Rock Creek west. The water on our farm was almost over, say about four inches from being over Highway 70. Our farm is ditched. So, it does get high.

MA: Yes.

[chuckles]

MA: Of course, I was pretty young when they had the first controversy there, and I don’t remember much about that. But, I do know that the topography of the land between Lake Pokegama and Cross
Lake in Pine City is flat. I had a friend that was an aviator that took a picture of that. I don’t know where that picture went to. But, the whole topography was all flat. To hold that water back, it comes draining all around there. You can go up to Mora by boat.

DS: This is what surprised me. I’ve been doing a lot of research on steamboats that went on the Snake River before 1912.

MA: I remember that, the steamer Fritz. Did you get that name in there?

DS: Fritz, yes. That’s one of them.

MA: They called it the Dirty Bess. Did you get that one, too?

[laughter]

DS: The Dirty Bess, wasn’t that the Wood Tick? The real name was the Wood Tick, and they called it the Dirty Bess?

MA: Yes, the Dirty Bess. I know the Bess in Pine City that was named after, but I wouldn’t ever put it on that recorder there.

[laughter]

DS: So that’s how it got its name. Okay.

MA: Yes.

DS: I’ve had such a great time. When the first Chengwatana Dam was put in, before 1850...

MA: That was by Munch.

DS: Right.

MA: Adolph Munch near Stillwater. He’s the one we bought it from.

DS: Ahh. That kept the river high enough. I’ve been able to find one boat, a picture of the Katie R, which was one of the bigger steamboats, but that’s the only one I’ve ever been able to find. I assume, when I have time to do more work, that I’ll maybe find another picture. My grandfather can remember riding...

MA: Oh, he can remember all of that. Sure, he can remember that.

See, that Bess, Dirty Bess, or whatever they called it… [laughs] That used to pull the boom, the logs down from the Ann and Upper Snake River, you know, at McGrath. In the early days, they used
to cut the booms, do dirty work, and get them all mixed up. Those logs, you know, half of them belonged to Stillwater and half should stay at McGrath’s mill and Pine City. They’d have an awful time, wars almost, lumber wars, I used to read in books. That Bess would pull the boom. One time there was an engineer there on that Bess, and he was circling around with that boat. There used to be a dock in Pine City. He’d aim for the dock and, then, when he’d get just to the dock, he’d put it in reverse, see, and just slow it. You’d think, my God! he’s going to hit that dock. Well, he had a little too much to drink, and he misgauged it, you see, and the clutch stuck, and he couldn’t get it in reverse.

[laughter]

MA: That boat hit the dock [Mr. Allen makes a loud clap with is hands] and shoved the boiler ahead about a foot, and the steam came from everywhere. He jumped overboard.

[laughter]

JF: I’ll bet that was quite a day.

MA: Yes, that was a day.

DS: Someone told me not too long ago that there was an illegal still that operated off one of the boats.

MA: I don’t remember that. I wouldn’t know that. There might have been, because there used to be what was called a catamaran boat in Pine City that ran up to Lake Pokegama. See, in those days, that was a big summer resort, and the Lake Superior Limited, the NP [Northern Pacific] train, would bring fishermen up. People would get off at Pine City, and, then, they’d go by boat up to Lake Pokegama. I know we boys used to meet the train. We’d carry the suitcases and get fifty cents or a dollar for it. I know one fellow, he was a senator at that time, and he used to have a lot of bottles in his suitcase. I heard those darned old bottles clinking in that suitcase. It was about three blocks. He tipped pretty good.

[laughter]

MA: They used to have a lot of resort business there.

DS: I’ve been reading the Pine City papers for the 1880s.

MA: The 1880s?

DS: Yes.

MA: Gee!
DS: We have them in the Historical Society. It’s been just fascinating to read about the excursions on the steamboats up to Pokegama.

MA: In the 1880s?

DS: Yes. This was first billed as a tourist resort…

MA: Oh! I know that was the steamer that the passengers used to take. Now, what was the name of that? The steamer Fritz, was that it?

DS: Well, they refer to it in the papers as the Katie R.

MA: Katie R?

DS: Katie R. Then, there’s several others, too.

MA: Yes that boat, I remember that. That used to dock right where the old [Highway] 65 would cross Snake River there. I remember I used to carry the suitcases in there as a boy, and it was all plush seats around there like these old Mississippi River boats, you know. It was a sternwheeler.

DS: Yes. That’s the one I have a picture of.

MA: I remember that boat. I thought it was the steamer Fritz.

DS: Well, we’re probably talking about two, but all serving the same function.

MA: Yes.

DS: You look at the Snake River today and there’s no way a steamboat is going to navigate it.

MA: Well, they could then though. Yes, that dock where old [Highway] 65 is, that water was way up high.

DS: I think the dam was supposed to have raised it about seven feet.

MA: Oh, yes, it raised it way up there. Then, of course, when they took it out, we built a new dam about two blocks down. The top of that was the same height as the old river bed where the old dam was. That’s why they won that case [unclear], because they didn’t raise it. Of course, it cut their water head down.

DS: I’ve read of Stillwater lumbermen who came in the night to Munch’s [home] to open the dam and let the water out so that logs could go down the St. Croix [River].

MA: I think Tozer was one, wasn’t it?
DS: Yes.

MA: The Tozer [David Tozer] Lumber Company from Stillwater.

DS: Yes, Tozer was always involved in that.

MA: McGrath, the town here is named after him. He had a lot of white pine holdings up here, right south of McGregor. That’s the headwaters of the Snake [River].

DS: That’s very interesting. I didn’t think we’d be getting into steamboats today. [chuckles]

MA: In 1880, though, that’s way before my time. I never knew they had…

DS: The first one on the Snake was 1879.

MA: That was nine years after the railroad went through then. The railroad went through about 1870. Chengwatana was where the old dam was, and that was moved west to where Pine City is now. I gave, I don’t know if it was Mr. [Russell] Fridley, or who it was, the map of the old town site of Chengwatana. It referred to Minneapolis on that map as St. Anthony.

JF: Ah! really?

MA: Yes, and he has that down there. My dad had that in his office a long time. I saw that, and I remember I wanted it to go to a good place. I couldn’t have given it to the local historical society, but I’d rather have it go down to the main office there.

JF: I’m going to have to go look at our map collection one day.

MA: Yes, it’s in there.

JF: Oh, sure it is.

MA: I know I gave it to, was it Fridley? What was the other fellow’s name?

JF: [Arch] Grahn?

MA: I wrote a letter. There was another. It might have been Grahn. Was there a man by the name of Fridley there?

JF: Oh, yes, he’s the director of the society.

DS: I think you wrote to him.
JF: He was associate director at one time.

MA: He was here I think, oh, about twenty years ago. That’s when my dad died and I gave him the papers.

DS: It could have been Mr. Fridley.

JF: Sure. One thing I did want to pin down before I forget it is what was your position with these companies? Were you actually involved in a corporate…?

MA: Yes. I was on the board of directors of the R. P. Allen Company, the General Minnesota Utilities Company, not the Eastern Minnesota Power Company. I wasn’t on that board. I was going to college then; I was just a kid. They didn’t want me. They were all old fellows on there.

[laughter]

MA: I didn’t know anything. Let’s see: the R. P. Allen Company, the General Minnesota Utilities Company, Minnesota Investors Corporation, those three.

JF: Were you ever on the board of directors of a bank or anything like that?

MA: No, I had no connection ever with the Pine City Bank.

JF: Were you an officer, like vice-president?

MA: Yes, I was. When we liquidated the R. P. Allen Company, I was president. The lawyers in Minneapolis—see, they worked with the Minneapolis Trust Company—was co-executor of my father’s estate and handled all this closing, [unclear] those two men. One was an officer of the trust company, and, then, the attorney in the Dorsey firm.

JF: Dorsey Marquardt?

MA: Yes. Mr. Tarbox. Do you know Tarbox?

JF: No, I don’t.

MA: He was on the board with me in these three as we closed it out. Then, on the Investors Corporation, I think I was secretary, and the General Minnesota Utilities Company, I was secretary of that. I used to read the minutes. They changed those around. One year, I’d be vice-president and the next year, I’d be… See, I was living here, and the main office was in Pine City, so they had to have someone to sign papers right there in the office all the time. That was what that was done for.

JF: You never lived in Pine City yourself?
MA: Oh, yes.

JF: Oh, you did.

MA: I went through the first twenty-one years of my life there.

JF: Then you moved here?

MA: Yes. All the first twenty-one years, I went to high school there and lived there. Then, I went to the University of Minnesota and left there about 1927, and, then, I came up here right straight out of college. A lot of this stuff I remember from [unclear].

JF: Oh, sure.

JF: It must have been fun all these years to watch this area grow, just like your father had probably thought it would, too.

MA: It was a way of life, pretty primitive when he came here. [unclear] People are moving back…

JF: Out again, yes.

[laughter]

JF: Yes, you better believe it. A real exodus out.

MA: Were you the gentleman that Mr. Anderson was telling me about who was working on the Burlington Northern Railroad papers?

DS: I’m working on that.

MA: Oh, you’re the one.

DS: I’m working on the railroad…James J. Hill.

MA: When I went to the university, you know, I took courses in railroad finance and that. I wrote a couple papers on that. That was all interesting to me. I know I wrote a paper on the Union Pacific [unclear] I went up there. I was riding on the train one day and talking to a fellow, and I knew a lot of those [unclear] situations, and he said, “Are you a railroad man?” I said, “No.” He said, “How come you know all this?” I said, “Oh, I read about it.”

JF: That’s quite a story.

MA: It was a story, yes.
JF: Harriman [E. H. Harriman], he was a brilliant man.

One of the reasons I’m particularly interested in this is that I’m working on a thesis on the Electric Bond and Share Company, which is such a fascinating corporation.

MA: Oh, yes, that was Byllesby, wasn’t it? No! That was…

JF: General Electric. Sidney Mitchell was the president of that—S. C. Mitchell—for many years…a very fine man. His company never went the way of Byllesby. He was solvent all through the Depression.

MA: Now, weren’t they at the top of Minnesota Power and Light?

JF: Yes. Minnesota Power and Light was owned by American Power and Light, and that was controlled by Electric Bond and Share.

DS: Oh, such pyramiding.

JF: That wasn’t bad.

MA: No, that wasn’t bad. No. They treated them all as one, you know. When [President Franklin D.] Roosevelt got in, the only thing that was solvent was the utilities, and he treated them all as one and just wrecked the whole darn shebang.

JF: Yes, he pretended they were all like Insul, and that was only one example.

MA: Only one example like that.

JF: George Tidd, president of American Gas and Electric, which is the old holding company that is the forerunner of American Electric Power…that was solvent all the way through, too, never went down, very well run.

MA: I remember reading of all of those.

JF: Of course, then you had Foshay, too.

MA: Yes, that come in there. He wanted our company.

[laughter]

MA: He’d have feelers come up, you know, but he never had any cash or anything. Oh, boy, it was always a sale for paper.

JF: Which wasn’t worth [unclear].
MA: [unclear] and, then, there was another fellow. You know, the Whitney interest owned the St. Cloud Public Service. A. G. Whitney used to come over and talk with my dad and talk about a merger. We fought with him over Milaca, and we won. We got the franchise in the town of Milaca, Eastern Minnesota did. That’s how we got to know him. Anyway, I think Whitney died and his boy, Wheelock, was there. But they got an engineering firm from Chicago by the name of William A. Bear Organization. Ever run onto him?

JF: Yes, I’ve heard of that.

MA: He was operating that, St. Cloud Public Service. Then, when he got over to St. Cloud, he’d come over to see us and try to buy us out, you know.

JF: For more paper, I suppose.

MA: Yes. I remember my dad going to Chicago that time to see him. He was going to combine… I think he even formed a company called Minnesota Edison. It might have been a shell company, the Minnesota Edison. It was going to have St. Cloud Public Service, Eastern Minnesota, and something on the Iron Range up there. Heskett [R. M. Heskett] had the Montana Dakota Utilities. They never got into northern Minnesota, did they?

JF: No, I don’t believe they did.

MA: But, they had plans to get up there.

JF: They were fighting with Otter Tail on the western part of the state.

MA: They were going to get in there, and they were going to form it all into one holding company, see? That’s as far as they got. Anyway, Northern States bought St. Cloud Public Service.

JF: It’s fascinating.

MA: I know I remember those. I remember my dad was talking to those fellows a lot. Well, it never worked out that way.

JF: It sounds like your father was smart enough not to get taken in by someone.

MA: Oh, he didn’t want to get into that.

JF: If he’d ended up with Foshay’s paper, you could have done your walls.

[laughter]

MA: Yes. I remember Heskett, he was Montana Dakota Utility. He was good.
JF: Of course, that’s always been a good company, you’re right.

MA: They were right across the street in Minneapolis just a block from where Foshay was, the main offices.

JF: Really?

MA: Yes, right opposite on Ninth Street. Montana Dakota Utility…their properties were there, and they had their office in Minneapolis, and, then, they moved their main offices out to North Dakota someplace. That’s been a good company.

JF: It has and still is.

MA: [unclear] investment list.

JF: [unclear] with a triple of a double A rating for its bonds.

MA: Another good one—it was Foshay’s at one time before it went through the ringers—is the Citizens Utility. Ever heard of them?

JF: Oh, I sure have.

MA: They have two classes of stock, A and B, and I think one they pay dividends, pay stock dividends. They’ve been very good.

JF: Boy, have they ever.

MA: Now, that used to be Foshay’s company.

JF: Did it? I never knew that.

MA: Yes, sir.

JF: I can’t believe that anything that good could come out of Foshay.

[laughter]

MA: Yes, that was. He called it Public Utilities Consolidated Corporation. That was the name. He had a company down in Arizona and up in Burlington, Vermont, and Globe, Arizona, those places. Then, when he went under, I believe the bank in Minneapolis was appointed receiver, and they changed the name to Citizens Utility.

JF: Oh. It’s a really beautiful outfit now.
MA: Yes, it is. Their balance sheets and everything are recommended by the…

JF: It’s kind of a strange mixture.

MA: It is, you know.

JF: It’s got some gas, some water…

MA: And telephone.

JF: They’re into Hawaii now, I see.

MA: I was surprised. I thought they would make them integrate more. I’m surprised they let them stay that way.

JF: You know, one reason I think they didn’t is because they serve mostly little communities, and the feeling is somebody has got to serve them, and these people are doing it pretty well, so why break it up.

MA: Yes, they rate very good now, their stock does.

JF: Sure does.

MA: I was going to buy some one time and, then, I bought… I’ve had Northern States for [unclear].

JF: Some of the nice Southwest utilities: Central and Southwest, Texas Utilities. They don’t have the fuel problems everybody else does. It’s a fascinating story. The thing that interests me was watching how carefully, after the death sentence clause was passed in 1935, it took, Lord, almost fifteen years for most of them to break up, because, you know, they had to parcel out the stock and break in into units.

MA: The Southern Company, that was the Commonwealth and Southern; that was Willkie’s [Wendell Willkie] deal.

JF: Yes.

MA: I had some of that stock, and they spun off Ohio Edison. Then, the Southern Company, that’s Georgia Power and Alabama and Mississippi Power.

JF: And Gulf Power.

MA: Yes. That’s a holding company though.
JF: Right.

MA: I just was a little leery of that. I think I’d rather have an operating company today.

JF: Some of the holding companies… Central and Southwest is a holding company, and that’s pretty good, and so is Middle South.

MA: Yes.

JF: Of course, the problem there is, once again, as you were saying earlier, the regulatory commissions. That Georgia commission is just a bunch of hillbillies.

MA: Is that right?

JF: Georgia Power goes and shows them how much it’s going to build a plant, a billion dollars, but they won’t give them the increases they need.

MA: What’s that fellow’s name… He was governor or ran for governor and didn’t make it. He had a restaurant.

JF: Maddox [Lester Maddox]

MA: Maddox.

[JF: Mrs. Allen returns to the room and there is a brief period of extraneous conversation, which has not been transcribed]

JF: It was fascinating to watch how they broke them up. I would have hated to be the one trying to…

MA: That was Willkie’s company, Commonwealth and Southern. Then, I got some stock with Ohio Edison; that was good. That was good stock. Then, the Southern Company, that was formed, and that was good for a while. I had that for years.

JF: Still, it could be good again.

MA: [unclear] regulatory commission.

JF: They’ve got a good commission in Alabama and a decent one in Mississippi. The Georgia Power Company, I think, is about half of Southern Company’s revenue, so that’s why it’s so important there, and they have a lousy commission in Georgia. *Value Line* rated the state commissions recently, and Georgia got one of the lowest ratings of all.

MA: How does California rank?
JF: California’s ranks as a good commission, in fact, almost verbatim what you said. They are willing to, at least, listen to the companies, which is what you mentioned. They’re a good solid group. They’re not overly generous.

This has been a great discussion, Mr. Allen! Many thanks for your time and insights,