

“THE HISTORY OF LOVELAND’S MUNICIPAL LIGHT AND POWER PLANT”

*As written in 1946 By Charles Viestenz
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I have been requested many times to write the History of our Light and Power Plant and have started to do so several times. Each time however, circumstances beyond my control have blocked my purpose, and so time went on.

Now, because I am no longer working, and while the story is still fresh in my mind, I shall endeavor to write the complete story from inception to the present date.

In April, 1911, 35 years ago, I was elected a member of our City Council. I went to work at once and made a complete study of the condition of our City. My surprise was boundless upon discovering that Water Bonds of \$100,000 were currently due, on which the former Boards had already paid \$100,000 interest. Lacking a single dollar in the Treasury, we were therefore forced to call a special election and refund \$50,000 of these Bonds at 95 cents on the dollar. This, together with the cost of the election, set us back another \$7,000. Such was the condition of our City 35 years ago. Total income at the time was not sufficient to take care of such important matters, and place our City on a sound foundation for years to come.

I thereupon made several trips to the Thompson River, on my own, to investigate and see whether I could discover ways and means to construct a Municipal Light and Power Plant. Such a project must certainly solve our problem. Returning home, I satisfied myself, also, that such a plan was entirely feasible. But now, how to proceed?

After spending several days as well as sleepless nights in worry and anxiety, I had a wonderful dream. I found myself on a small Island all alone in the Pacific Ocean, thousands of miles from nowhere, wondering how I got there. Nothing but water as far as I could see. Then, opening my eyes, but still in a bewildered condition, I thought “What does this mean?” Well, after looking around for a few days I discovered what it all meant.

I found that I was the only member on the City Council in favor of Municipal ownership of Electric Light and Power, with the Mayor and seven Aldermen bitterly opposed to such a movement. I stood at the foot of a great, tremendously high mountain, wondering what to do. Shall I climb this mountain? Or, shall I retreat and forget all about it? No! No! This must not be! There must be a way out! Then, after several more sleepless nights, it came to me like a thunderbolt out of the clear sky. Here it is. I selected a Committee of six men in whom I had the utmost confidence, knowing that they would keep a secret. These men were W. C. Vorreiter, A. V. Benson, Zenas McCoy, A. A. Ferguson, G. W. Foster, and W. E. Banks.

These men I called together in the rear of the old Loveland National Bank, and explained to them what a wonderful benefit this would prove to be in the years to come. I insisted that we must act now. The Law to create a Public Utility Commission in Colorado had already been passed and it was up to the next Governor to appoint a Commission. After that it would be a thing of the past. Therefore, in order to take advantage of this priceless heritage which belongs to our people here, not to those in Wall Street, New York, we must now make the filing.

Mr. Vorreiter was the first to speak up. "Go ahead and make the filing," he said. My reply was, "I have two engineers ready to go to work in the morning but how about finances? I have not enough money to put this over." "What will it cost?" he asked, "from 1200 to 1500? Go ahead! We'll furnish the necessary money."

So Mr. Vorreiter and A. V. Benson placed \$1500 at my disposal and the filing was made in the name of G. W. Foster because nothing could be done in the name of the City under existing conditions. The engineers worked 59 days unbeknown to anybody in Loveland. After 60 days, when the filing was placed on record in Fort Collins, in Denver, and in Washington D.C., the lid of the Bee Hive was removed. What a time we had! I received the worst calling down I ever had in all my life. Yes, I was told that if I would build a Light and Power Plant, the tremendous debt would never be paid, would wreck our City beyond resurrection. Not only that, but the Plant would be long worn out before it was half paid for. A hurricane could come along and sweep the plant away. Worst of all the farmers need water for growing crops. They felt that the Light and Power Plant would drink up all of the water in the river and nothing would be left for the farmers. Our taxes would be so high that the people would have to leave their property and move out of town. Yes, these and many other stories were circulated by the opposition to scare the people into submission. However, my Committee of six men as well as the citizens paid no attention to such stories, they continued to saw wood. In the meantime I made numerous trips to Denver to consult attorney James Pershing, in order to make no mistakes but to proceed strictly according to law.

In April 1913 we succeeded in electing three more members on the Board in favor of Municipal Ownership of Light and Power. This made four and four with the Mayor still on the opposite side of the fence. Sledding was very difficult under such circumstances, but we hoped for better days to come, knowing that the majority of our people were back of us and would not let us down.

After the filing had been completed and placed on record, I made another trip to Denver. I consulted with attorney James Pershing in order to get necessary legal points and then be able to proceed with the Construction work. This work had to be done in small units and paid for out of the General Fund, by appropriation from time to time, until we could vote Bonds. It required not only careful study to proceed strictly according to law, but a great deal of our early activity had to be done in secret because the enemy was waiting in ambush for us. At this conference attorney Pershing made a remarkable statement. "I wonder," he said, "if the people of Loveland will ever appreciate what you have accomplished for them by getting the filing at this time. The fact" he said, "that you got the filing for the City before the Utility Law went into effect means that no Commissioners, hereafter, will have any jurisdiction over our City." This was later substantiated at our first hearing before the Commissioners themselves. They handed down their decision in these words, "Had not the City secured their filing before the Utility Law went into effect, we would certainly have said no. But, since the City has secured their filing and started actual construction work in good faith, we have nothing to say." This alone, Mr. Pershing said, is worth many thousands of dollars to the City of Loveland in years to come.

Our first election was held in August 1914, for the Taxpayers to authorize the City Council to proceed with the construction of a Municipal Light and Power Plant. This election was carried in favor by a majority of 84 votes but later election carried by a larger margin. The final election for our last bond issue was carried in favor of the City by a majority of 587 against 112. This tremendous endorsement by our taxpayers made the work all the more joyful for those of us who had to shoulder the burden.

In 1915 we had another election, but this time we elected our entire Municipal ticket by an overwhelming majority. Many of our opponents were silenced, but the litigation by the Power Company continued until the last dog was hung.

At this time something wonderful took place. One morning, very early, a sweet enticing voice came over my telephone saying, "Mr. Viestenz, will you talk to me if I come to see you?" "Yes, I want to see you very badly," I replied. It was the big attorney of the Power Company. In ten minutes he was at my place, as sweet as pie. "Well," I said, "your time is money and so is mine. I have a proposition for you." "What is it?" he said. I answered, "If you will accept a reasonable offer for your distribution system, and move out of town, I can talk to you." "Well, Mr. Viestenz," he replied, "that is beyond my jurisdiction, but, I came direct from the head office and will make you a proposition. We have come to realize that you have this whole situation under your control, and we are helpless. We also realize that you have spent a great deal of your time and money which you cannot afford." "That is my business" I said. "Well listen!" he said, "We now stand ready to reimburse you personally for all of the time and money you have spent. We will pay you back dollar for dollar. We will reimburse the City for all it has spent, which amounts to about \$75,000. We will do better than this. We will go back one year and reimburse the City for overcharges." This was an admission that they had been robbing us.

Then, turning to me and tapping on my shoulder, he confided in a very low sweet voice, "Now, Mr. Viestenz, anything you want, just say so, and I will see that you get it."

What a wonderful bait! But that bait was not sufficient to entice my Mother's son to betray the people who had placed their confidence in me. No, not for all the gold in the world! Then too, I remembered the advice my Mother gave me when I was yet a little boy, "Do what is right and fear no one." This, my Mother's advice, has carried me thus far, and will continue to carry me on the rest of my journey through life.

In the meantime, the Power Company succeeded in getting a law passed whereby we could only vote one percent of our tax valuation. This gave us \$28,000, not enough to get us to first base. It caused considerable delay. However, we succeeded in electing Wm. E. Banks as our representative and he put through a law whereby we could vote three percent. The result, \$125,000, was a nice little sum for the beginning.

In 1915 the City Council contracted for the construction of a dam across the Big Thompson River for the intake of our pipeline. No sooner had we let the contract when we were greeted with the first injunction proceedings. The contractors were ready to place the gates in the dam but we members of the Council were helpless. We could do nothing directly or indirectly. But here again, Mr. Vorreiter and A. V. Benson came to our aid by guaranteeing the price of these gates and the contractors were able to proceed with their work without interruption. Mr. Vorreiter and Mr. Benson as well as the other four members of my Committee deserve a vast amount of credit. It was they who really made it possible for us members of the City Council to carry out all the instructions of our taxpayers. Without their support we could have done nothing. They made it possible for us, members of the Board, to do our duty.

In 1916-1917 we let a contract to construct 827 feet of tunnel. Here too, we were met with all kinds of opposition, so that from 1913 to 1925 there was constant litigation. It was a very heavy financial burden on the City, as well as on those of us who had to shoulder the responsibility. Upon entry into the War, we were notified by the Government to cease all operations for the duration. This was not only a great disappointment for all of us, but a very costly one in the end.

Before the War, material and Electric equipment were at a reasonable level, but after the War we were obliged to pay the highest prices ever known. Thus, the many years of litigation, the discounting of our bonds by \$41,000, and the high post-war prices of material, cost our City \$180,000. This could have been spent to much better advantage, but it is now past history and must be forgotten.

During these years of War, I made good use of my time, traveling to every section of our country, twice to Washington D.C., and all over Canada in order to gather first hand information, and be prepared to cope with the situation when the proper time came. It was necessary to be away from work weeks and months at a time, a very expensive circumstance both in time and money. But I felt it was my job to finish. The Power Company as well as their manipulators were jubilant over this delay, thinking it would prove the end, and that the Light Plant would never become a reality. However, by this time we had a City Council that stood firm as rock and would not be moved.

After the War had ceased, and business throughout the country came back to life once more, we were notified by the government to proceed with the construction work at once or the filing would have to go back to the government. There was, therefore, nothing to do but proceed and we did. Presently tho, another obstacle came in our way. Longmont by this time had already outgrown its Plant, and was forced to buy additional energy from the Power Company. Thus it was deemed necessary for us to revise our former plan and construct a 36 inch pipeline instead of the 24 inch line. We put in three 400 H.P. units instead of a small 500 K.W. plant, and everything else in proportion. This, of course, required considerable time and study, and Mr. Ray Smith lost no time in drawing up all necessary specifications and plans. Finally, in March, 1924 a contract was let to construct a Hydro Electric Power Plant, and a 22,000 Volt Transmission Line to Loveland.

Mr. Smith supervised the entire construction work, until the job was fully completed. His services, including the preliminary work of several years prior to letting the contract, saved our City fully \$25,000. It was not necessary for us to hire outside engineers, as many other municipalities throughout the State had to.

When our pipeline was about half finished, Ray Smith called on me and asked that I come with him to the Power Plant site. "I wish," he said "we could place the foundation of our Plant 16 feet below the bed of the river."

"That sounds good to me," I said. "Let us go and see the contractor," which we did. He made us the price of \$500 and put in his steam shovel. However, he had to blast several large boulders in order to move them, losing \$1000 on the job. On going down 12 feet he struck solid bed rock, whereupon we told him to leave well enough alone.

I then went to Denver and asked an electric engineer whether or not we had gained anything by going down an extra 12 feet. He informed me that it represented three percent of the entire efficiency of the Plant. "In other words," he said, "you have actually gained \$15,000 by an investment of \$500 and it will be worth double that in years to come."

We then went to Hendrie and Bolthoff and asked the difference between wood and steel poles for our Transmission Line. It came to \$3500, so we ordered steel poles. Feeling that we had overcome all obstacles, and henceforth things would go along smoothly, we were soon disappointed again by another and greater problem blocking our way. We had only \$125,000

General Obligation Bonds and therefore it became necessary to issue \$300,000 Revenue Bonds, payable out of the income of the Light Plant. These Bonds were something entirely new. The attorney for the Power Company argued that they were neither valid nor Constitutional, and that it was a moral obligation which the people had to meet in case the Light Plant failed to produce the necessary revenue. The Supreme Court of Colorado, however, upheld the validity of these Bonds, and the Power Company, in desperation, took the case to Federal Court. Here again, they argued several days going over the same ground, claiming again, that it was a moral obligation on the part of the taxpayers. In spite of all their argument, the Judge ruled, "I have read the ordinance passed by the City of Loveland several times, and it says that these bonds must be paid solely and purely out of the income of the Plant, and not otherwise. That means," he said, "if the Plant does not earn a dime for the first five years, the Bond holders will simply have to wait until such time when it does produce revenue, and there is no moral obligation connected with it whatsoever."

Then turning to attorney Pershing the Judge said, "Mr. Pershing, do you say that these Bonds are absolutely valid and constitutional?" "Absolutely so," said Pershing. "Very well, we'll make it so" returned the Judge. By this act the Power Company as well as its attorneys discovered that two little words, "absolutely so," by Mr. Pershing, left a far deeper impression and had a greater influence upon the Judge than all the arguments offered by the attorneys in the past thirteen years.

This marked the end of the longest and most bitter legal battle ever fought in the History of Colorado. Now we had only one more obstacle to overcome, and this was to acquire the electrical distribution by condemnation. Because the main nerve in the Power Company's spine had already been severed, they could offer only very weak resistance, and the case was decided in our favor in a very few hours. After the last gun had been fired, and the Power Company as well as its sympathizing attorneys had been driven from their trenches, we all came home rejoicing over the victory for which we had been working hard so many years.

In 1928-1929 we installed a Diesel Engine Standby Plant, to be used for peak loads and low water periods. The entire Electric Light system cost the City \$614,000 but has proven a most wonderful success, due entirely to the able management of Mr. Ray Smith. It is a pity that some of the later members of the City Council took the matter in their own hands, thinking they could operate more economically. Instead, they retarded the progress of the Department by several years, and it is largely on this account, that the people in the last election said, "so far and no further." I hope that the members of the new Board will again leave the management entirely in the hands of Ray Smith. They cannot go wrong if they do because the final payment of the Light Plant was made in December 1938. \$424,000 was transferred to the General Fund and there is a large surplus.

After the last victory had been won and hostiles had ceased once and for all, Mr. James Causey of Denver, who financed our project, wrote me a letter saying; "Mr. Viestenz, there isn't another man in the entire State that would have done what you have done, not only for your City, but for the entire State as well. I highly congratulate you and wish you well." Attorney James H. Pershing has told me the same thing several times.

And now, just a word in conclusion. No person in this wide world will ever know, nor would they believe, what I personally have gone through in these many years of bitter struggle, in order to free our people from the bondage and enslavement of a powerful corporation. \$10,000 would not reimburse me for all the time and money that I have spent in order to gain freedom and

liberty for our people, as well as a lasting income for the coming generation. The worry, the heartaches, the sleepless nights, and the many threats I received for not ceasing to plunge our City into bankruptcy, all did not keep me from going ahead. I knew what the result would be.

Mr. A. V. Benson the only surviving member of my early Committee, as well as O. B. Robbins, Dr. G. F. Hicks, F. B. Shaddle, and Mr. Ray Smith, no doubt will all verify every statement which I have made to be true.

And now I hope that many officials in reading this story will become servants rather than, masters of their people. Yes, if every official in every municipality, in State and in the Nation, would follow my example, our beloved country would flow with milk and honey, and all the rest of the world would sit up and take notice.

In 1925, when our final victory had been won, and we all felt in need of a well earned rest, I did not have a shingle over my head which I could call my own. Everything we ever had was gone, including my health, which I can never regain. I am happy indeed, tho', knowing that I can look everybody square in the face, and feel that I did my duty while I had the opportunity.

After all we are here only a very few years at best. What a great satisfaction it is, when we have nothing to regret, a clear mind and conscience and a feeling that we did our duty, regardless of cost. This is victory indeed, and an honor which no one can take from us.

I may make a few additional remarks regarding the Revenue Bonds. It was largely on this account that, when we needed the money, the case was still in Federal Court. The Bond dealers, therefore, were taking a certain risk because the Court might have decided against the validity of the Bonds. For that reason, we were forced to discount our Bonds to the amount of \$41,000. This, together with the many years of litigation and the high cost of all the electric equipment after the War, was a very heavy financial burden on the City.

Other municipalities throughout the State after the War, and after favorable decisions by the Federal Court, did not have to suffer the financial penalties as did the City of Loveland. It was handed to these others on a silver platter. Had it not been for the determination of these citizens of Loveland to fight to the bitter end regardless of cost, many municipalities would not have their Light and Power Plants, and would still be paying high tribute to the Wall Street money changers. But, no credit has ever come our way.

This is the last contribution I will be able to make to the citizens of Loveland. It is anything but an easy task financially, but I am doing it to prove that our Light Department came by hard work, determination, worry and anxiety, and not by chance. Many people do not appreciate this.

Charles Viestenz