YARDSTICKS AND THE CONSUMER

(The following is a portion of an article by Charles H. Frazier, Jr., in the February number of Review of Reviews. Reprinted by special permission of the publishers.)

The funds which made possible the building up of the power industry were advanced under the assumption that honestly invested capital is entitled to a fair rate of return. Indeed, had this not been the case, the industry would never have reached its present size and usefulness. Investors simply would not have risked their funds.

Now, however, a brand-new doctrine is advanced. Regardless of the extent of the investment made to provide service, an arbitrary "fair" price, or yardstick, is to be set for electricity, based on hypothetical, sometimes inconsistent, and always debatable cost findings.

It is easy to arrive at any desired rate level by this means, if the hypotheses are carefully selected; so the Government authorities take the most efficient modern plants, built at depression prices, subsidized in part by the federal government, and built at one stage rather than over a period of years, as was actually the case with most power companies. They assume favorable conditions of operation, and a level of customer use not yet attained (or attainable) in the normal situation, and thus arrive at a "fair" rate for domestic service.

What they have really determined is an objective toward which the industry should strive, in the next decade. But this is not the use to which it is put. The new steam turbine at the far end in the picture to the right will generate several times as much electricity as the hydro plant shown in the picture to the left, according to the Review of Reviews. This comparison refutes the belief that vast hydro-electric development means "cheap electricity."
demand is that rates immediately be reduced close to this point, "or else."

It is clear that the kind of government price-fixing which is proposed will be at the expense of the investing public. And what is the objective to be gained, for the sake of which these losses are to be incurred, and risks run? Here is the vaguest phase of this whole program: "Cheap electricity" is to do something miraculous for the American housewife, apparently to rebuild domestic life on a finer basis. How? That is the problem. Surely it is not expected that a reduction in the cost of electricity for lighting and incidental uses is a major social gain. The present cost for this service is some two dollars a month. It is suggested that it should be nearer a dollar, a saving perhaps of ninety cents a month, or a fraction of one per cent of the normal family budget. This might be a pleasant change for many families; but it certainly is not an important social objective, worthy of the losses and risks which the gaining of it would involve.

In point of fact, it might even be un-economic, since below-cost rates for lighting and incidental uses will be conducive as much to waste, as to the more abundant life. Indeed, the yardstick proponents seem to recognize this point, as they cite as their principal aim, not this minor reduction in present electric bills, but rather such prices for electricity as will enable it to displace all other household fuels.

Here is a project big enough to challenge the imagination. But would it mean progress? Specifically, is the displacement of other services by electricity a sound economic and social objective? Is it even a practical, common-sense proposal?

Note first that American householders would have to find nearly ten billion dollars to invest in new cooking, water-heating, and refrigeration equipment. And why? Will electricity render better service more cheaply? True, electricity once had notable advantages, but in recent years the manufacturers of appliances using other fuels have greatly improved their products, as to convenience and economy of operation. At the present time the new competitive appliances are so satisfactory that the vast majority of householders would scarcely be willing to pay any materially higher price for a debatable advantage of using electricity.

It is customary among yardstick advocates to use the phrase "cheap electricity" as though it were one word—even as the postbellum Southerner is supposed to have used "damnyankee." This has helped create the impression that if electricity were reasonably priced, it would not cost more than other fuels. However, this is most illusion, for electricity, basically, is not a cheap fuel.

Thus, in the ballyhoo of electrification possibilities, the facts have been obscured if not mis-stated. There is a popular anticipation of benefits that the most magnificent of governmentally supported projects cannot make a reality. Nor is this the full extent of the social waste inherent in the yardstick program. To whatever extent electricity replaces gas, oil, and coal, workers in these industries will be thrown out of work, and the cost of these products to their remaining users will be increased. Here, surely, is no progress toward the more abundant life.
TOES . . .

• Fashion notes . . .

What the smart working man is wearing today: Brown Built Safety Shoes!

And why? Because the smart working man realizes that 24% of the TOTAL lost-time accidents are caused by toe and foot injuries. This was the information given to GAS NEWS by Ira W. Merrill, the Company's First Aid Instructor. And Mr. Merrill firmly believes what he says. In proof of this we snapped the picture shown here; he wears this good-looking model of the Safety Shoe, with its 23/4-ounce toe cap of carbon steel, heat treated to withstand a 5500-pound compression test.

The shoe is now being sold at a special rate to employees, and all divisions will be contacted soon. Several employees already have reason to thank these new type shoes for saving them from painful injuries. The following accidents caused no injury: 300 pounds of equipment in a two-wheeled cart bounced from a rock and the wheel and full weight landed on an employee's foot. . . . Unloading a truck, the slats gave away in a range crate and 275 pounds of stove fell a foot and a half on the driver's foot. . . . Driving a gad into the pavement with a sledge hammer, an employee missed the mark, hit his toe, and laughed! . . . Pipe in the pipe yard twice dropped on one man's toe, with no injury. . . .

And if you don't believe these stories, just ask B. H. Runyan, Bob Foster, A. H. Williams, or P. D. Stewart.

• A new domestic gas lamp has recently been developed. It is a single mantle, designed for wall mounting.

DALLAS CONVENTION

• William Moeller, Jr., the Company's Vice-President in charge of Production and Transmission and chairman of the Natural Gas Department of the American Gas Association, made the opening address before the convention recently called by that department, May 5 to 8, in Dallas, Texas.

With conditions greatly improved in the natural gas industry, a large attendance of executives, engineers, and department heads of natural gas utilities met in the Texas city. Reports dealing with natural gas production, transmission, utilization, sales promotion and various technical matters were presented before eight business sessions.

Others listed on the program included B. M. Laulhere, the Company's Engineering Supervisor.

• Recent figures released by the American Gas Association indicate the growth in the natural gas industry during the past three years.

1933
Natural Gas Sales . . . .837,741,000 MCF
Customers (mo. aver.) . 5,505,000

1935
Natural Gas Sales . . . 1,068,691,000 MCF
Customers (mo. aver.) 5,874,000

• According to figures from the Gas Appliance Society of California, 15,006 gas ranges were sold in San Francisco during 1935, compared to 9,807 in 1934. There were 67 electric ranges sold in 1935 by San Francisco dealers.

• The annual tax bill paid by American people is more than eight and a half billion dollars greater than their annual bill for fuel and light.
"No progress has been made in electric cooking, 1930 to 1936, if the Edison Electric Institute is correct. In its Bulletin for March, 1936, the following statement based on replies to a questionnaire circulated this year among commercial executives is made by William M. Carpenter, the Edison Electric Institute's Economist:

'It is evident from this table (and even more strikingly illustrated on the chart) that except for radios and refrigerators, the average domestic consumer uses no more electricity now than he did five years ago—in spite of a decline of 16 1/2 per cent in the average price of current. It is commonly assumed by almost everybody, both within and without the industry, that reduced rates automatically and of themselves bring an equal compensation in increased use. Yet here we have the unmistakable evidence that two appliances, in whose purchase the question of electric rates plays only a very minor part, have constituted the entire increase which has taken place since 1930 and that the net result of everything else has been no gain at all.'

(From a Bulletin Issued by the American Gas Association—March 28, 1936)
budgets nearer for any of them? Would it not, on the contrary, mean a mass of additional debts and heavier taxation for their support over the inevitable years of construction and development? Because the Supreme Court has said the Government may legally make use of a piece of property long in its possession the decision is proclaimed, in quarters not wholly disinterested or non-political, to establish both the legality and the expediency of practically unlimited expansion of public ownership in the power field. Mania is the word for it.

—Wall St. Journal.

* Automatic clock-controlled cooking and other advantages found in the American gas range seem to be unknown in the kitchens of our English friends across the sea, according to an interesting item sent GAS NEWS by J. J. Salter, service representative of the Compton district. He obtained the information from his brother, employed with a London, England, gas company. In England the stove is called a “cooker” and is usually a low oven affair, the oven bottomless with burners around the lower edge of the two sides and back. The stove “lighter” looks like a metal pencil with a yard of thin flexible tubing. It is hung on a hook at the side of the stove within reach of the housewife. The oven regulator wheel is only numbered from one to ten!

Compare this so-called “modern” appliance to the truly modern automatic clock-controlled gas range. Lighting is automatic by the mere turn of the controls; any number of even temperature regulations are available at the turn of the oven temperature regulator; cooking starts and stops automatically at any set time; ovens are heavily insulated; then there are new designed, more efficient burners; new designed broilers, and dozens of other modern conveniences.

* In 1854 an editorial in Gleason’s Pictorial Drawing Room Companion, is one of the first known mentions of gas for cooking: “Cooking freed from the disagreeable accompaniments of smoke, and dust, and grease, is somewhat of a novelty in the history of the cuisine . . .”

10 years ago
this Month

(From Gas News, May, 1926)

The Midway Gas Company led the Sage Brush League at Taft in Soft Ball. They had won four games and lost one.

* During the recent rains, Foreman Harvey Edwards from Maywood, found it necessary to start a Ferryboat to bring in employees of the Company living in Maywood. 

* George Knox recently had his foot struck by a plank which was dislodged by a truck. The injury was not serious.

* J. B. Minor of the Engineering Department received the “paraffine tongs” for telling the best story about the recent wet weather. He said he drove his Dodge into six feet of water on Wilshire Blvd.

* The regular summer indoor baseball league is about to open in the San Bernardino district. The first game between the office and the San Bernardino Plant was recently played.

* R. McConnell has recently added to the wealth of Mr. Ford by the purchase of a new roadster.

* During the recent rain Charles Oxley had difficulty in getting to work on account of the drawbridge being out at 66th and Western.
LITTLE LESSONS . . .

It’s really an innocent looking piece of paper, yet each of us look for it with a certain eagerness at regular intervals. We’re speaking about the good old pay check—long may it wave!

Not until we stopped by the desk of Larry Wilson, the Company’s Paymaster and Assistant Treasurer, did we realize, however, the volume of checks issued by the Company. A few figures will surprise you, and if it weren’t for the invention of the check signer, no doubt Treasurer L. D. Romig and his entire crew would have a chronic case of writer’s cramp.

During the year 1935, approximately 95,000 checks were issued. To you, and you, and you, went some 51,000 pay checks. Dividend checks amounted to 8,000, voucher checks 31,000, and bank drafts, 5,000.

As for volume of checks issued, the rate refunding operations of 1933 reached an all time high. In one day, August 10, 1933, were issued 15,212 rate refund drafts! To date the total of rate refund drafts amounts to approximately 204,000.

Much detail work accompanies the issuance of Company checks, such as typing, dating, protecting, signing, and stuffing for mailing. All checks are issued from the Treasurer’s office, excepting those from contingent funds in the divisions. As for signatures, pay checks are machine signed and carry the signature of the Paymaster. Dividend checks are also machine signed and carry the signature of the Treasurer and Secretary. Voucher checks and bank drafts are signed by hand by two officers of the Company.

RULE 20 . . .

“Rule 20” recently approved by the California State Railroad Commission has made it possible for the Southern California Gas Company to widen the scope of its service. Mains may now be extended a greater distance in order to reach new customers who heretofore could not be served without first advancing a part of the cost of the extension.

Briefly, here is an explanation of one of the most important changes inaugurated by the new rule.

Heretofore, whether the new customer’s home was a two-room bungalow or a 20-room “mansion,” the Company was unable to extend its main more than 150 feet free of charge to reach his home. Under the new rule the Company still extends its main 150 feet free of charge for each bona fide applicant. Now, however, the extension may be lengthened in proportion to the number, size, and type of gas appliances which the customer agrees to install.

By proportioning the length of main to the anticipated gas usage of the new customers, the Company is now able to install free of charge as much as five times the length of main that it was able to install in the past for the same customer.

Fifty forging furnaces were changed from electricity to gas, recently, in the Ford Motor Company’s plant at Dearborn, Michigan. Despite the fact that the electricity used was surplus and generated on the plant premises, the change resulted in a decided saving in fuel costs.
HOW WE CAPTURED GUAM

• In June, 1898, the cruiser Charleston sailed into the harbor at Apra and began firing at an old dismantled fort. The Spanish governor, who had had no mail for months, did not know that his country and the United States were at war, and sent out word that as his powder was spoiled he would be unable to reply to the salute of the American warship.


• Gas for heating has been specified exclusively by Brooklyn Navy Yard officials for two new shops now being erected.

• Vacation time is at hand; suitcases are being dusted off, time tables scanned, trips planned. When you take your vacation jaunt, give a thought to Gas News. Take along your camera. Then when you return, bundle up your extra prints and send them in.

• A cordial welcome is extended to Marjorie Duke, a newcomer to the Customers Department in San Bernardino; Al Harmon was recently transferred from the Distribution Department to the Sales Department, and Bob Buchenau has been transferred from the Dispatcher's Office to the position of clerk in the Sales Department.

• Upon the broad shoulders of William O. Muligan, the Company’s Burbank District agent, has descended an honor bestowed upon him by fellow Rotarians. According to an announcement in the Burbank Review, Bill has been elected to the Presidency of the Burbank Rotary Club for the ensuing year.

• To Roy Currier, member of the Printshop, goes the sympathy of his friends in the Company upon the recent passing of his father-in-law, E. Q. Brainard. Mr. Brainard, residing with the Curriers in Azusa, died suddenly Friday afternoon, May 1.

• The sincere sympathy of his many friends in the Company, is extended J. Q. Ewing, Assistant Auditor, Construction Stores Accounting. Ewing’s mother recently passed away.

CHILDREN’S PARTY

• On Sunday, April 8, fourteen families of folks from the Sales Department, with their friends, journeyed to the land of the wild flowers via Saugus and Bouquet Canyon to play baseball, indulge in a barbecue featuring 20-ounce T-bone steaks, and enjoy the scenery in general. The party was for the children, at least that is the report that reached Gas News. In fact only those with families were invited to join the party!

Those who made the trek included C. M. Grow and daughter Ruth Walker, Mr. and Mrs. E. M. DeRemer, Mr. and Mrs. H. H. Foreman, Mr. and Mrs. C. D. Aseltine, Mr. and Mrs. W. F. Suess, Mr. and Mrs. Wm. Jacobs, Mr. and Mrs. E. E. Ellis, Mr. and Mrs. Clayton Pickup, Mr. and Mrs. R. W. Campbell, Mr. and Mrs. Ernie Hamner, Mr. and Mrs. D. U. Wheaton, Mr. and Mrs. Geo. H. Heckler, Mr. and Mrs. Ross Monroe, and Mr. and Mrs. W. D. Sherer. And, of course, their children!

• Keep open the week-end of July 11, warns our party fixing friends. A “BIG PARTY” is planned for Catalina Island. Details have not yet been arranged, but all will be invited when arrangements are completed. Mark a big red circle on the calendar, and watch for bulletins.
On Wednesday evening, April 15, at 7 P.M. sharp, at least 150 bowlers, their friends, wives, kiddles—and sweethearts, met in the Pekomane Bowling Alley, Los Angeles, for an old-fashioned bowling “sweepstakes.” To bowlers who came out on top went well-earned awards, including a five-pound box of candy to the best lady “pin-knocker-over” of the evening.

Standing before the camera the engineers, who topped the Customer’s Department to take first place in the regular league games, received the cheers of the crowd. Pictured left to right, above (center picture) they are: Briscoe, Bittle, Reddick, Hirst, and Dunn. The gentleman with the ball is Reddick, the team’s proud captain. And in the left group, among the others, we see Elting Henderson, probably wishing that he was receiving one of the medals pinned on the chest of the experts. To the far right a group of the so-called weaker sex are arguing over results.

Results:


Other teams lined up as follows:

No. 1—Blaska, Mathews, Elkins, Rupprecht, Shimp; No. 2—Reddick, Krause, Briscoe, C. F., Belben, Briscoe; C. B.; No. 3—Darrac, Skewes, Ardren, Henderson, Colister; No. 4—Garmse, Hullett, Minor, Lees, Zimmerman; No. 7—Wise, Hahn, Johnstone, Rogers, Bittle; No. 8—Ostendorf, Tucker, Nelson, Silk, Purcell; No. 9—Hue, Jones, White, Moore, Chabre; No. 10—Hirst, Biggs, Horton, Cullinan, Waldstedt.

The new sport that’s sweeping the Southland, “Softball,” has gripped the divisions of the Company; none, however, have become more enthusiastic than members of the Central Division if scores and line-ups mean anything in the world of sports. Turning out in force, with more than 75 Company spectators to cheer them on, two teams from the Distribution Building and Beverly Hills combined their talent to lick the local Swift Formay outfit. And they did it thoroughly—19 to 5. It was a regular scheduled game in the Los Angeles Softball League. Other teams are forming for inter-company competition, according to their sports reporter, Bob Wyckoff.

Gas News wants to hear about the happenings in your division. Especially interesting are the results of group gatherings, athletic contests and such. Pictures, too, are welcome. Sharpen the pencils. Dust off the camera!