



Tennessee Valley Public Power Association NEWS

Vol. 4

MARCH, 1953

No. 3

SEVENTH ANNUAL MEETING APRIL 6-7

TVA'S ALLOCATION OF INVESTMENT

Every now and then you will read or hear that TVA has charged too much of its investment in dams to flood control and to navigation and not enough to power. Those who make such claims would apparently have the electric consumer bear the entire cost of the dams.

"Allocation of investment" is no more nor less than a form of cost accounting. The Congress directed TVA to build a series of dams designed to produce three separate and distinct services: navigation, flood control, and power. Congress also directed that the total cost of building the dams be divided and recorded on TVA's books in such a manner that Congress and the public might know what was invested in each of the three services. This information is essential to determining the annual cost of providing these services.

Each Faculty Charged

In making its allocations, TVA charges all investment in facilities used for a single purpose to that purpose. Powerhouses, generators, transmission lines, etc. are charged 100 percent to power; ship locks are charged to navigation, and so on. The remaining investment in facilities jointly used by all these purposes—principally the dam itself and the reservoir lands behind the dam—is divided among the three major functions of navigation, flood control, and power. No allocations are made to national defense or fertilizer operations, although such allocations are authorized in the Act.

Power 68%

In the allocation procedure used by TVA, 31.0 percent of the jointly used
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TVA'S 20th ANNIVERSARY TO BE CELEBRATED THROUGHOUT VALLEY

May 18 of this year will mark the 20th anniversary of the signing of the TVA Act by the late President Franklin D. Roosevelt.

A large number of the distributors are planning on having 20th anniversary celebrations to commemorate this date. A letter has gone out from the Association's office to all the distributors asking them to plan some type of celebration during a period from May 1 through June 30. This period of time is required so that there will not be any complications during the various celebrations throughout the Valley. In some cases it may be that one or more distributor would want to band together to have a consolidated celebration.

If the Association office can be of any assistance to the power distributors in these undertakings, we are willing to do so.

WANTED TO PURCHASE

Three used 25 kva 2400 volt 4 - step or 8 - step voltage regulators.

Anyone having any of the above material for sale should contact Mr. W. G. Thomas, General Manager, Board of Public Utilities, Athens, Tenn.

**AMERICAN PUBLIC
POWER ANNUAL
MEETING
BOSTON MAY 12-14**

PATTEN HOTEL CHATTANOOGA

The Seventh Annual Convention of the Association will be held at the Patten Hotel, Chattanooga, Tennessee, Monday and Tuesday, April 6 and 7. The program for the convention is as follows:

**MONDAY, APRIL 6
10:00 A.M.**

Call to Order by M. C. Stewart, President of the Association; Welcome to Chattanooga by the Honorable P. R. Olgiati, Mayor of the City of Chattanooga; President's Report by M. C. Stewart, Manager, Sand Mountain E.C., Ft. Payne, Alabama; Treasurer's Report by W. L. Manton, Manager, North Georgia EMC, Dalton, Georgia; Executive Secretary's Report by J. Wiley Bowers, Chattanooga, Tenn.; "THE SIGNIFICANCE OF POWER SUPPLY TO THE REGION" by Raymond R. Paty, Director, TVA, Knoxville, Tenn.; "EMPLOYEE AND PUBLIC RELATIONS" by J. L. Sisk, General Manager, Nashville Electric Service, Nashville, Tenn.

12:00 NOON

No organized luncheon planned.

2:00 P.M.

Washington Report by Sam O'Neal, Washington, D. C.; panel discussion with Barrett Shelton editor of the Decatur Daily, Decatur, Alabama, acting as panel leader, with W. H. Saxton, Batesville, Miss., A. Wettstein, Hopkinsville, Ky., Ken G. Whitaker and S. R. Finley, Chattanooga, Tenn., and Paul H. Tidewell, Centerville, Tenn., acting as panel members; "ADEQUATE INSURANCE COVERAGE" by J. H. Smithers, Cleveland Electric System, Cleveland, Tenn.; "KATIE KORD" by M. A. VanSlyke, TVA, Chattanooga.

6:00 P.M.

Hospitality Hour, Hamilton Room, Patten Hotel. This hospitality hour is being sponsored by the following manufacturers: Allis-Chalmers Mfg. Co.,

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Published by
TENNESSEE VALLEY PUBLIC POWER
ASSOCIATION

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Sixth and Cherry Streets
Chattanooga 2, Tennessee

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PEOPLE'S TVA BUDGET BEFORE CONGRESS

A subject which is of much concern to the electricity users of Tennessee and the Valley is—what is Congress going to do with TVA's budget request. It perhaps would be more proper to say that this matter is a grave concern of all the citizens in the Tennessee Valley.

It should be made very clear at the outset that TVA's budget request is not something that is only of concern to the Federal employees who are working for the agency known as the Tennessee Valley Authority and to the members of the Congress of the United States. The employees of the TVA are in reality agents of the Congress. The people who really are contracting with and doing business with the Federal Government are the people who live in this region known as the Tennessee Valley.

The electric business, whether it is in public hands or in private hands, is usually operated virtually as a monopoly. This may be shocking to some of the people in the industry or it may even be heresy, but nevertheless the bald fact is true that there is usually only one electric utility in a given territory. In other words, if you don't like the electricity that's being supplied to you by the Nashville Electric Service or the Electric Power Board of Chattanooga or the Gibson County Electric Membership Corporation, you are not in position to call up Joe Jones, or some other contractor, and say, "I want you to supply my electric needs." For this simple reason, every businessman, every farmer and laborer, home owner, housewife has a definite interest in good electric service at prices within their ability to pay.

They have an equally vital interest in knowing that they can have more electricity if they need it. For this reason, we say very positively that the economic development of the Tennessee Valley depends upon the ability of the TVA to supply the electric needs of the people who live in this region. Some of the enemies of TVA would have you believe that TVA wants to expand. This simply is not true. Mr. Clapp and his associates have presented a budget that does not contemplate using any electricity outside of the territory now being served by the Authority.

A good deal of capital is being made out of the fact that the budget calls for so much steam generation. If hydro capacity is not available, what in heaven's name are we to do but turn to steam for electric supply? Alabama's senior Senator Lister Hill very graphically described the situation two or three years ago when he said: "Whether the people of the Tennessee Valley realized it or not they had an economic wedding with the TVA in 1933." The Congress permitted the TVA, in carrying out its law, to become the sole source of power supply in this region. Your contracts with TVA say this. The physical fact that you have no generating capacity of your own is abundant proof that this is true. You have no other

CLAPP AND WESSENAUER INJURED SEVERELY

On Tuesday night, February 24, Gordon Clapp, Chairman of the Tennessee Valley Authority, and G. O. Wessenauer, Manager of Power for TVA, were injured severely when the TVA plane in which they were riding crashed near Bristol, Virginia. The pilot was making an emergency landing after one engine had failed, when both engines failed completely, and the plane fell in a corn field near the Tri-Cities Airport, which serves Bristol, Kingsport, and Johnson City.

Mr. Clapp received a broken pelvis bone, a broken arm, and chest bruises, as well as head and face abrasions. He was thrown completely clear of the plane.

Mr. Wessenauer received a broken vertebra, as well as a broken nose. Both men are much improved, and are on the road to recovery, barring any complications.

Also riding in the plane with Mr. Wessenauer and Mr. Clapp were John H. Clark, Chief of TVA's Budget Department, Hershel Fleming, pilot, and Roger Mahan, co-pilot. These three people were treated for minor injuries and released.

This accident was a severe blow to TVA, as well as the power distributors in the Valley, in that Clapp and Wessenauer, for the past few years, have been the mainstay in the appropriations hearings before Congress; and, as this is one of the most crucial times in the history of TVA, they will be sorely missed.

The Association wishes them both a speedy recovery so that they may soon be back with us.

UTILITIES SHOW NET INCOME GAIN

Preliminary figures released by the Federal Power Commission show graphically and dramatically how much truth there is in the claim of the private utilities that they are facing destructive Governmental competition.

The figures are quoted below. Further comment is wholly unnecessary.

	1951	1952	% Change
Electric revenues	\$441,594,000	\$482,664,000	9.3
Elec. revenue deductions	366,510,000	394,038,000	7.5
Gross income	79,790,000	92,724,000	16.2
Net income	53,670,000	65,469,000	22.0

alternative than to ask Congress to carry out their implied promise to meet the electricity needs that you and your neighbors think you are going to have.

Let's realize now that this by no means is TVA's fight, and work with the same sort of energy that we did in 1948 for the New Johnsonville Steam Plant. Neither is it the fight of your electric distributor, nor is it the fight of your mayor and board of commissioners. But if you want your region to continue to grow and recover economically like we have done for 20 years, urge your friends in Congress with all the vigor at your command to carry out their solemn responsibility. You are not asking them to give you one red cent. The law provides that every dollar invested in power facilities must be paid back, even though the United States Government will still own the property that you have paid for through your electric bill. Don't let anybody deceive you; nobody's paying your electricity bill except yourself. Neither should you be misled into believing that we are rebuilding our region at the expense of some other part of this country. The whole country has benefited from the TVA. You cannot help one part of the United States without helping the whole country.

ASSOCIATION ASSUMES FULL RESPONSIBILITY FOR EXPOSITION FUNDS AND EQUIPMENT

Since 1950 the Association has co-sponsored, with the Electrical Development Branch of TVA, an Electric Farm and Home Exposition for the purpose of promoting the use of electricity in the Valley. During 1952 the exposition equipment was used specifically for annual meetings and special events of the distributors.

The TVA has now made a proposition to the Association that the Association assume full control of the exposition equipment and funds for the purpose of the Association promoting the sale and use of electricity in the Valley. At a called meeting of the Executive Board of the Association, Monday, March 2, the Board voted unanimously to accept the proposal of TVA, and the equipment and funds of the exposition are now fully owned by the Association and will be used as was suggested in the TVA proposal.

For the year 1953 the tents and equipment will be rented to members of the Association for annual meetings and any special events that have to do with the promotion and use of electricity.

It is hoped that by 1954 we can again interest the manufacturers into coming back into a larger and better exposition.

The Electrical Development Branch of TVA will still cooperate with the Association in any endeavors that they make along the exposition lines.

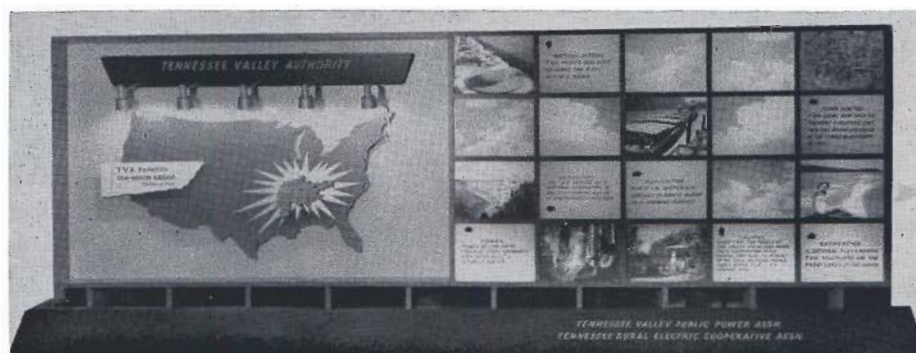
INFORMATION ON LAW SUITS WANTED

The Association is going to maintain a file in the office for use by the various distributors on law suits against the distributors. We are asking that any distributor who has had a law suit that has been settled send this office a copy of the judgment rendered for or against the distributor.

We believe that by maintaining this file it will be beneficial to all of the distributors, and if you will cooperate in sending in the material requested, it will be greatly appreciated.

**POWER BUSINESS
IS PUBLIC BUSINESS**

DISPLAY SHOWN AT NRECA MEETING



Shown above is a display, which was approved by the Executive Board, depicting the Valley area and its benefits to the rest of the Nation. This display was built for the purpose of showing it at the National Rural Electric Cooperative Association annual meeting in San Francisco, January 26-29. It is also to be shown at the annual meeting of the American Public Power Association in Boston, Mass., May 12-14.

The Tennessee Rural Electric Cooperative Association cooperated with the TVPPA in taking the display to the NRECA meeting in San Francisco, in that they are paying part of the cost of taking it out there.

A great deal of literature telling the TVA story and the distributors' story in the Valley was distributed at the NRECA meeting, and similar literature will be distributed at the APPA meeting.

It is the opinion of this office that much good was accomplished by having this display built and shown, as many people outside of the Tennessee Valley area received information on TVA which they had never had before.

POWER SALES INCREASE IN VALLEY

Distributors of TVA power sold 9.5 billion kilowatt-hours of electricity and received \$109 million for the sales during the calendar year 1952, it was announced recently. This is an increase of 11 percent in both energy sales and revenue over 1951. Residential sales of 4.5 billion kwh (16 percent above 1951) showed the largest increase. The average annual residential use reached 4,106 kwh, an increase of more than 350 kwh during the year, and 89 percent above the national average of 2,170 kwh. The region's average residential rate of 1.33 cents was less than half the national average of 2.76 cents. The 60,000 new customers added during the year brought the number of consumers being served as of December 31 to 1,273,000, an increase of 5 percent.

AVAILABLE FOR HIRE

Manager or engineer with considerable experience in the utilities field. Reason for wanting to leave present job is limitations on salary. For further information write direct to the Executive Secretary of the Association.

CONVENTION

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Aluminum Company of America, Anderson Brass Co., Cherokee Wood Preserving Co., The Gearhart Co., General Electric Co.—Lamp Division, General Electric Supply Co., Graybar Electric Co., Inc., Hubbard and Company, Midland Wire Corp., R T & E Co., South East-Joslyn Co., Southern Electrical Corp., Southwire Co., and Tennessee Valley Electric Supply Co.

7:00 P.M.

Banquet. Special entertainment will be furnished by the Electric Power Board of Chattanooga. The speaker for the evening will be the Rev. J. Fred Johnson, pastor of the Cumberland Presbyterian Church, Chattanooga.

TUESDAY, APRIL 7

10:00 A.M. COLONNADE ROOM

Introduction of 1953 TVPPA Executive Committee; "INDUSTRIAL TRENDS IN THE TENNESSEE VALLEY" by Stefan H. Robock, Chief Industrial Economist, TVA, Knoxville, Tenn.; "DEVELOPING THE HOME LIGHTING MARKET" by Harold H. Green, Lighting Engineer, General Electric Company—Lamp Division, Nela Park, Cleveland, Ohio; "FIELD EXPERIENCE IN RECLOSER AND FUSE CO-

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STREET LIGHTING FACILITIES DOUBLED IN FIVE YEARS

G. O. Wessenauer, TVA Manager of Power, said in a recent release that use of electricity for street lighting has nearly doubled in the past five years within the TVA power service area. At the close of 1947, he said, cities and towns were using 33,263,000 kilowatt-hours of electricity for this purpose; in 1952 use had increased to 62,686,000 kilowatt-hours.

275 Cities and Towns

Mr. Wessenauer revealed that improved street lighting has been installed in 275 cities and towns within the service areas of more than 100 of the system's 148 municipal and cooperative distributors. Lower street lighting rates, plus an increasing awareness of the values of modern street lighting, have brought striking advances in the quality of street lighting in the past five years.

\$6,000,000 Investment

Investment in street lighting facilities has more than doubled since 1947—from \$3,000,000 to well over \$6,000,000. The increase in the number of street lighting units has amounted to some 22,000, Mr. Wessenauer said. Of these new units 2,300 are modern mercury vapor lamps rated from 15,000 to 21,000 lumens. More than 1,400 are 10,000 lumen incandescent fixtures. About 6,000 are from 4,000 to 6,000 lumens. The balance are units of 2,500 lumens or less. A lumen is a unit of light; a uniform source of one candle power emits about 12½ lumens.

The modern street lighting facilities which the cities and towns have installed give three and four times as much light for about the same cost as their old systems, Mr. Wessenauer said.

CONVENTION

(Continued from Page. 3)

ORDINATION" by R. V. Lawrence, Westinghouse Electric Corp.; "THEY CAME TO THE VALLEY" by Dr. W. E. Cole, Head of the Department of Sociology, University of Tennessee, Knoxville, Tenn.

As a special feature of this meeting, a sight-seeing trip for the ladies will be had on Monday afternoon at 1:00 p.m., through the courtesy of the Association.

It is hoped that all the power distributors will make their plans to attend this meeting.

ALLOCATION

(Continued from Page 1)

portion of the investment is charged to flood control, 27.5 percent to navigation, and 41.5 percent to power operations. The total direct and allocated investment in flood control, navigation, and power at the end of fiscal year 1952 was divided as follows: flood control, \$178 million, or about 17 percent; navigation, \$155 million, or about 15 percent; and power, \$702 million, or about 68 percent.

FPC Reviews Allocations

TVA makes no claim that its particular division of these costs—or allocation—is the only one that could have been made. TVA asserts, however, that the procedures used were painstaking and exhaustive. The allocations were developed with the assistance of able experts from outside TVA. At the request of a Congressional subcommittee, the allocation procedure was reviewed only a few years ago by the Federal Power Commission. The Commission stated its opinion that the methods used were, in its judgment, reasonable.

Electric Rates Not

Governed By Water Control

When TVA critics suggest that the electric consumer in the Tennessee Valley should bear the entire cost of dams in the TVA water control system, they cynically disregard the fact that this is not the practice in other sections of the country. For example, the rate basis of the electric companies in Ohio and Pennsylvania do not include the Government's investment in navigation locks or flood control projects in the Ohio or Monongahela river basins.

Three Facilities Lower Cost of Each

When three men share a taxi ride, each one completes his trip at a lower cost than if he used the taxi alone. Similarly, the TVA power investment is less because the cost of the dam and reservoir is shared with navigation and flood control. It is equally true that navigation and flood control investment is less because a portion is shared with power. The record will show that the cost per mile of navigation channel and the cost per acre foot of flood storage are less in the Tennessee Valley than in many other major river systems.

Compared with the \$178 million TVA flood control investment, the estimated

WAGE SURVEY READY FOR PRESS

The Wages and Working Conditions Survey, made recently by the Association, is now ready to go to the printers and will be made available in the very near future. A copy of this survey, which will not list the distributors' names, but will be compiled on the basis of the size of the organization, will be mailed to each of the distributors participating in the survey.

We did not get complete coverage from all the distributors, but more than 85% of them did participate in this survey.

TWO MORE PROJECTS COMPLETED BY TVA

The TVA announces that just three years, nine months, and four days after the beginning of construction of the steam plant at Johnsonville, the sixth and final 112,500 kilowatt generator is in commercial operation. TVA power operations announced that, following test runs, the turbogenerator's initial commercial operation would begin at 8:30 A.M. (CST), February 22. The Johnsonville plant now has an installed rated capacity of 675,000 kw, and it is estimated that in a normal year's run, about 2,000,000 tons of coal will be consumed.

This announcement was made at the same time that TVA announced that after more than a decade of work, the reconstruction of Hales Bar Dam was completed. Hales Bar is the oldest dam on the Tennessee River, and was built originally between 1905 and 1913. Due to subterranean caves and foundation faults, the original construction of Hales Bar was an expensive project undertaken by the Chattanooga and Tennessee River Power Company, which was later taken over by the Tennessee Electric Power Company in 1922, and was operated by this company until the purchase of the Commonwealth and Southern properties by TVA.

cost of a single-purpose system to provide the same benefits in \$257 million. The cost of a single-purpose navigation system is estimated at \$231.5 million, compared with the \$155 million TVA investment. In the Tennessee Valley the nation thus is getting flood control and navigation at bargain rates.