

OVERCHARGES

ANALYSIS OF REPORT.

OVERCHARGES.

Please note that the plant earned \$800.45 during January. The average income for the first four months was \$726.03 while the average for the last SIX months given in report was only \$477.72. There is an overcharge here of \$248.31 per month, but making all due allowance for increased income during long winter nights there still remains an overcharge of at least \$900.00 during ten months of this year.

METERS

But this is not all. Consumers are charged a high flat rate in order to urge them to buy an electric meter. The charge for this meter has varied between \$14 and \$11 say an average of \$12. The city electrician states that about 200 meters have been sold. This means that consumers of electricity in Forest Grove have been overcharged \$300.00 during ten months, that is \$600 for light and \$2400 for meters. There are still about 300 houses to receive meters which indicates an overcharge next year of \$3300.00 for meter or about \$1100.00 for light used on flat rate.

CUSTOMERS LOSE

The Customer loses either way. Note that earnings of plant fall as meters are installed. This means that overcharges for light will not defray future losses in conduct of the plant and taxes must be levied in time to meet deficits. The citizen pays at one end or the other when business methods of this kind prevail.

FUEL

In conducting a steam electric generating station the item of fuel is a great burden on the plant. An engine uses a certain weight of steam to do a certain amount of work. To evaporate a pound of water into a pound of steam requires a certain weight of fuel. The weight varies according to the quality of the fuel and its dryness. Theoretical and practical results vary so greatly that only experience can show the approximate amount of fuel needed for a given case. Practical quantities always exceed theoretical quantities. Theoretically the Forest Grove plant requires 656 cords of wood per year. Practical results in many similar plants give from 900 to 1100 cords. The report mentions 560 cords and asks for an allowance for fuel on hand at the time report was completed, forgetting that there must have been fuel on hand at the time the report began in January. Perhaps also the bill paid Nov. 14 amounting to \$536.25, has a connection with this case.

A NEW LAW OF MECHANICS

The city seems to have found a new law of mechanics when it can claim to carry its service on an expenditure for fuel 96 cords less than the theoretical amount and 340 cords less than the usual results in general practice. It is more probable that a bill for fuel was overlooked; (a bill for \$536.25 for fuel was paid Nov. 14.) Or perhaps ten months is too long for the buyer to recall that a stock of fuel was on hand before January, when the report begins.

LABOR

Payments for work done stand high as items of expense in electrical business. The report shows \$1900.00 paid during ten months. This \$190 per month includes \$150 per month to the engineer and fireman at the engine house and the \$15 per month paid to the city electrician for inspecting the lines or wiring of the city. This leaves \$25 per month for all the other labor connected with the entire city electric installation; machinery, poles, wires, shop work, and upkeep generally. That is it costs Forest Grove 83 cents per day to do the same work which everywhere else costs from \$2.50 to \$3.75 per day. It is barely possible that again the finance committee failed to find that some part of the sum of \$410.40 paid for wages and labor done for the city in October should be applied to the lighting expense. If we add, similar proportions for the remaining months of the report labor rises considerably.

MINOR EXPENSES.

The smallest business finds that little items here and there go to make up a noticeable fraction of yearly expense. A bolt, a tool, a little belt dressing, some nails, oil, cotton waste and piston packing will make a noticeable item in a year. Forest Grove is getting along with less than any other plant has ever done in this respect. Can it be that a stock on hand a year ago helps to make the present showing about one-half the normal.

RENT

Rent is not considered at all; yet the electric plant should bear its share of this item unless the other business of the city is to carry all the expenses while the lighting returns all the profits.

TAXES

Note also that the site of the power station with its new railroad siding is a property valuable for taxing purposes. If Occupied by a manufacturer the return in taxes would be a large item of income. This and other taxes are now lost. Not only this but thousands of dollars a year would be spent by the employees of a plant with fifty to one-hundred people on its pay-roll, while the power plant employs two, and the Washington-Oregon company would employ from six to ten men.

POWER HOUSE LIGHTING

The report includes \$72.90 for lighting the power house. This is an item of expense. The report places this item in profit account under street lighting.

WATER USED BY POWER HOUSE

In order to secure an increased efficiency from an engine there have been invented several forms of apparatus for condensing steam back into water, in order to remove back pressure on the piston working in the cylinders of the engine. The type of condenser used by the Forest Grove plant is very effective and adds about twelve pounds per square inch to the pressure of the steam, but a great deal of cold water is used to condense the steam. The city plant uses 50,000 to 80,000 gallons per day. Water costs money. But the report shows no item for this.

INSURANCE

Fire insurance, accident insurance (casualty insurance,) and insurance against unexpected damages are today an absolute necessity in business. Fire insurance is too well understood to dwell upon. Casualty insurance protects from damage claims those who employ labor. If a workman is hurt or killed the law holds the employer more or less responsible and there is usually some loss charged up from every accident in the engine house or along the distributing system. A plant may go a year or two with trifling expense but there come occasions when the losses mount into large figures. Wires breaking and harming people in the street, killing animals or setting fires produce losses which can be met by setting aside a contingent fund or by insurance, the latter being the customary method. None of these expenses are included in the report. To judge how much they amount to examine our estimate of expense.

INTEREST AND SINKING FUNDS

Every kind of business requires capital. Even public business. This capital must be paid back sometime, and interest must be paid all the time on the capital invested. Machinery wears out or becomes otherwise unfit for use after a certain time. To replace the machines a sinking fund must be established which will be large enough to accomplish this purpose every ten years. Poles and wiring have a certain life and a sinking fund for replacing poles and other parts of the distributing system must mature every fifteen years. None of these expenses are included in the report. Our items for these are conservatively stated in our estimate of expense.

PRODUCE PROFIT FOR CITY ELECTRIC PLANT

Finance Committee's Report Last Week Omits Half of Expenses and Shows Overcharges of \$248 per Month.

EVERYTHING TAKEN OUT OF PLANT and Nothing Put In to Maintain Value of Property

CONSUMER and TAXPAYER THE VICTIM

THE REPORT CORRECTED

Period of Ten Months Only

Income Per City Report

From customers	\$ 5770.44
From earnings credited from City lighting	1520.17
From 100 porch lights at 25 cents each	25.00
	\$7315.61

Deduct for power house lighting chgd profit	72.90
Total	\$ 7242.71

Expenses per our estimate

Labor two men in power house per report	\$ 1500.00
Labor on upkeep of poles, wires, etc.	500.00
Inspecting line by city inspector, per report	150.00
Fuel at 2 1/2 cords per day at \$3.25 cord	2437.50
Oil, boiler compound etc. per report	129.74
Lighting of boiler house per report	72.90
Material used in line upkeep	275.00
Total	5065.14

Add to Above Expense These Items

Fund for replacing worn out machinery	636.00
Fund for replacing poles, wires etc.	414.00
Fund for repaying principal on bonds	130.00
Interest on bonds issued for mechanical plant	600.00
Interest on bonds issued for new line work	230.00
Insurance for fire	95.00
Casualty insurance	210.00
Losses from diverted taxes	105.00
Rent pro rate share at \$12 per month	120.00
Total Expense	\$ 7605.14
Total Income	\$ 7242.71
Deficit	\$ 362.43

But this deficit will be increased owing to the following cause. Income when all meters are placed will reduce earnings \$75. per month at least \$750.00

Deficit ten months \$ 1112.43

NOTE--The amounts stated above are conservative. If we were about to start a plant of this size we would ADD thirty percent to all of these items.

REMEMBER, WE DO NOT ASK FOR A MONOPOLY.

REPORT UNCORRECTED

Period of Ten Months Only

At a Council meeting Tuesday night November 19th the finance committee submitted the following report upon the receipts and expenditures of the light fund of the city:

Forest Grove, Oregon.

November 19, 1912.

To the Common Council of the City of Forest Grove, Washington County, Oregon.

We, the undersigned finance committee of said council, hereby respectfully submit the following report of the receipts and expenditures of the light fund of said city for the ten months preceding and ending November 1, 1912.

ITEMS OF RECEIPT.

Receipts from the users of light:	
January	\$ 800.45
February	737.08
March	766.42
April	600.18
May	525.47
June	504.89
July	441.05
August	420.25
September	430.90
October	543.75

Total cash receipts \$ 5770.44

Lights furnished for public purposes.

86 lights, 10 months for streets	\$1290.00
Library, 10 months	75.30
Firehouse, 3 months	26.73
Powerhouse, 10 mo Wash. Co. Agri., and Livestock Association	72.90
8 light posts, extra 1 mo.	25.00
	30.24

Total \$ 1520.17

Cash received \$ 5770.44

Total revenue \$ 7290.51

Total disbursements 3849.74

Net returns to city \$ 3440.77

Expenditures

Items of Expenditures	
Salary	\$ 1900.00
Expense, oil, boiler compound, etc	\$129.74
Extension work and materials	\$ 406.47
	\$ 2436.21
Jan. 1, 1912, 400 cords wood at \$3.25	\$ 1300.00
Nov. 1, 1912, 160 cords wood at \$3.25	520.00
Paid for to Nov. 1, Expense and salary	\$ 1820.00
	2029.74
	\$ 3849.74

O. M. SANFORD

J. M. BARBER

Committee.

This report does not include 100 porch lights and does not deduct for wood on hand and paid for. (æ stands for errors)

C. W. HILL—Adv. For Washington-Oregon Corporation.

AN EDITORIAL

FROM THE NEWS TIMES OF THURSDAY, NOV. 21.

In another part of the paper today the News Times presents the report of the light committee made to the city council Tuesday night for the ten months past, beginning with last January. The statement shows the receipts and expenditures of the city during that time in the management of its municipal lighting plant, and quite a creditable showing it is. Since the matter of giving an outside corporation this work has been agitated some the past few weeks by the corporation's agent in an attempt to influence the people to take up its proposition, it might be well for each citizen to carefully consider the facts presented in this report. The showing certainly is a creditable one for those who have had in charge the management of our lighting plant and we believe that our people will be slow to make a change just now. Portland has just voted almost unanimously to grant a franchise to a new and independent company that will soon get into the field for business and should Forest Grove at some future time desire to contract for its light and power it may be that better inducements can be secured from the new system that is to enter the field in our big sister city. At the rate that our plant is now working there certainly is no need for a change at this time. A net revenue of over \$340 per month is surely good interest on the investment and no town anywhere has better service than the municipal plant has given since its installment.

The above editorial from the official newspaper of the City of Forest Grove, may be taken as the voice of the administration. Replying thereto, the agent therein mentioned feels justified in giving the following facts.

Five times in successive weeks the said agent appeared before your Common Council with a frank request that the Council consider some form of contract between the Washington-Oregon Corporation and the City. The terms solicited were as follows:

- That the city give a lease or a franchise or buy current.
- The Washington-Oregon Corporation to pay a reasonable profit to the city.
- The Washington-Oregon Corporation to carry certain street lights free.
- The Washington-Oregon Corporation not to demand a monopoly in the Grove.
- The Washington-Oregon Corporation to give twenty-four hour service.
- The Washington-Oregon Corporation to guarantee ample and continuous service.
- The Washington-Oregon Corporation to give electric meters free.
- Rates for service to be 12 cents per K. W. hour, Minimum 75 cts. per month.
- Existing City plant to be retained by city ready for use in event of Washington-Oregon Corporation failing to give service promised.
- Guarantee bond to be given by Washington-Oregon Corporation to protect interests of city.

Scant attention was given any of these offers. A request that the terms be written into the minutes was ignored. The meeting adjourned always in the midst of presentation of facts by said agent.

Only after utter failure to secure proper consideration by the Council did this matter reach the stage called in the editorial above "an attempt to influence the people to take up the proposition."

The editorial suggests that "it might be well for each citizen to carefully consider the facts" and we agree to this most cordially. Our facts and theirs are both grouped on this page where the comparison can be readily made. All the items quoted as our figures are thirty per cent lower than we would estimate if about to establish a business of similar character. They are conservative estimates.

The editorial says "better inducements can be secured from the new system that is entering our big sister city." We presume this means the Northwestern Electric which is now building a dam at Salmon River. Our terms do not forbid the entry of this competitor into Forest Grove. Nor the entry of others nearer by who are in the electric business. Whenever they can give lower rates and equal service, we must meet that legitimate competition or yield the field to them.

Perhaps the residents of Forest Grove prefer to wait an indefinite time for the others while the present plant taxes them out of several thousand dollars and sells meters at a profit.

One thing stands out strongly in this editorial in the city organ. That is the fact, that despite a present profit of over \$4000 dollars, the administration is contemplating the necessity of admitting a new system. If the Washington-Oregon Corporation could earn one half as much on the same investment it would be back in the obsolete field of the small independent plant and not in the modern field of central station distribution of electricity thought by electrical engineers all over the world to be the only method for the future.