

THERE'S BEEN A LOT OF TALK

... about a conflict between investor-owned companies such as C.P.&L. and the Rural Electric Co-operatives.

Ever wonder what it's all about?

THE REAL ISSUE

REA co-ops want exclusive rural territories and the statutory right to serve in cities and towns . . . a complete departure from the purpose for which they were created. They have said they will ask the North Carolina General Assembly to give them these rights.

BACKGROUND

REA cooperatives were created in the depression days to provide electric service to people in thinly-settled rural areas who could not and would not pay what it cost to furnish them with electricity. Investor-owned companies could not serve isolated rural areas at charges the people could pay. Recognizing this, the Federal and State governments authorized the formation of rural electric co-ops to be subsidized by taxpayers.

ELECTRIC CO-OP SUBSIDIES

The whole idea of the REA program and operation of REA co-ops involves government subsidy in two forms:

1. REA co-ops borrow all their money from the Federal government at low interest rates, presently 2 per cent. This is far less than the government pays to borrow money, so taxpayers make up the difference.
2. Electric co-ops are exempt from virtually all taxes. They pay no property taxes for support of local government, no franchise and income taxes for support of the State government, and no Federal income taxes.

HOW BIG IS THE SUBSIDY?

IF Carolina Power & Light Company could borrow capital for 2 per cent as the REA co-ops do and enjoy the same tax exemptions they do, CP&L could reduce the price charged all its customers by 40 per cent.

RURAL AREAS ARE ELECTRIFIED

The job of getting electric service to rural North Carolina is 98 per cent complete. Investor-owned companies such as CP&L are serving about 60 per cent of the rural consumers in this state, REA co-ops serve 32 per cent and municipalities about 8 per cent. Now co-ops are competing for urban, industrial, commercial and other non-farm customers. Nationally, five out of every six new REA customers are non-farm.

SUBSIDIES NO LONGER REQUIRED

Whether supplied by an investor-owned company or a co-op, the price of electric service for rural consumers is approximately the same as it is in urban areas. With such rates, North Carolina REA co-ops are making big profits . . . about \$3 million in 1960, the latest year for which official statistics are available. At the end of 1960 they had accumulated almost \$22 million in profits . . . as a result of their tax-exempt status and low-interest loans.

EXPANSION OF REA CO-OPS REDUCES TAX BASE

Every new electric consumer is a potential new source of taxes. Approximately 25 cents of every dollar that customers pay to an investor-owned company goes to local, state and Federal governments as taxes. Hence, every time the co-ops serve a new customer who could have been served by a tax paying company, there is one less taxpayer to help carry the burden and one more person receiving subsidy.

THE QUESTION

Is it right that the people of this State and Country be required to help pay for electric service of REA co-op members who do not need the subsidy?

CP&L'S POSITION

This is the position of Carolina Power & Light Company:

1. **In helping extend electricity to rural people, REA co-ops have served a worthy purpose. If these co-ops are going to keep on getting Federal loans at 2 per cent and continue to be exempt from virtually all taxes, they ought to be confined to the job for which they were created . . . that is, providing electric service to rural people who cannot be served by tax paying companies. That is the only basis on which the continued subsidy is justified.**
2. **If the REA co-ops desire to serve urban, industrial and commercial customers who do not require subsidized electric service, the co-ops should be required to accept all of the obligations of a public utility company. These obligations are that they obtain their capital in the market at no burden to the government, pay taxes as other utilities do, and be subject to regulation by the State Utilities Commission.**

IN THE PUBLIC SERVICE

CP&L feels it has an obligation to its customers and the public to present the facts about this issue. Our customers help pay the bill every time a tax-exempt REA co-op adds a customer.

CAROLINA POWER & LIGHT COMPANY

An investor-owned, taxpaying public utility company

Hales Chapel

Mrs. B. Jay Pearce will teach the book, "The Vacant Hearted," at 7 o'clock at the church. All YWA members are urged to be present.

Mr. and Mrs. Arnold Driver of Middlesex were Sunday night visitors of the Dallas Prices.

Visiting the Clemon Johnsons Sunday were Mr. and Mrs. Thurman Johnson near Zebulon.

The Junior Class of Sunday School and their teacher, Lloyd Tippett, had their lesson Sunday afternoon at the home of Shelia Johnson and Gayle Hinton. They had chicken pox.

Miss Beverly Creech, Junior Duke, Mrs. Sipsie Creech and Mrs. Rosa Creech visited Mr. and Mrs. Guy Helms and family of Maiden, Sunday.

Miss Patricia Driver spent Sunday with Miss Diane Edwards near Wendell.

Visiting the Herschel Drivers Sunday were Mr. and Mrs. Harold Driver and son, Andy of Wendell, the Percy Drivers and boys of Archer's Lodge, Mrs. J. D. Driver and Philip Driver.

Mrs. Boykin, mother of Julius Boykin, is a patient at a hospital in Durham. Mrs. Boykin is undergoing surgery on her eyes.

Mr. and Mrs. William Driver called on the S. Q. Edwards family near Wendell Sunday night.

Mr. and Mrs. Douglas Brown visited the Fred Fraziers of Wake Forest Sunday afternoon.

Mr. and Mrs. Miley Parrish were Sunday afternoon guests of the Donnie Boykins of Zebulon.

Miss Nadine Driver and Carmel Wall visited Rev. and Mrs. Bob Lovell Sunday afternoon.

Johnnie Shelly of Loris, S. C., spent part of last week with George Brown.

Allen Creech of Raleigh, the Durwood Liles family of Garner, the Calvin Hales family and the A. G. Creech family visited the Will Creeches Sunday.

Mrs. Mildred Gainey of Zebulon visited Mrs. Douglas Brown Monday night.

The Boy Scouts took part in the service Sunday. The presentation of the charter to our church and pastor was by Mr. Lee and badges were presented to the scouts and their mothers. Our church is sponsoring the Troop No. 580, which was organized this year.

Mrs. Pauline Strickland and her beauty operators attended a three day Hair-Stylist Convention in Durham last week.

Misses Jane Vann and Carolyn Strickland attended the Health Career Club in Durham Friday and Saturday. They were among about 500 students of North Carolina attending this two-day affair.

Mrs. Lucy Driver is spending a few days with her daughter, Mr. and Mrs. Moore Hocutt and family of Zebulon.

The YWA's met Monday night with Miss Janet Price.

WAKELON THEATRE ZEBULON, N. C.

WEEK OF FEB. 13th
WED.-THURS.-FRI.-SAT.,
Feb. 13-14-15-16

Helene Remy - Walter Brandi

Vampire and The Ballerina

Vincent Price

Tower of London

SUN.-MON.-TUES.,
Feb. 17-18-19

Guy Williams

Damon and Pythias

Technicolor