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Utilities ownership: three years of controversy

by Rick Reed
Staff Writer

The University Board of Trustees will vote today on a recommendation to sell the UNC water, electric and telephone systems.

The history of the utilities debate is as intricate as Chapel Hill's 120-mile network of water lines and as underground as the miles of buried telephone cables.

Three years ago, the University decided to get out of the utility business. The system was getting too large for the business office to handle. The utilities basically were supported by the state's general tax revenues but had grown to the point that outside financing was necessary.

The University explained that education, not business, was its chief concern. The \$30 million the University would receive as payment for the utilities would go a long way in making much needed capital improvements.

investigations and recommended that the utilities be sold. The UNC Board of Trustees approved the recommendation on Aug. 11, 1972, and the Board of Governors approved it on Sept. 8, 1972.

The study commission then began

News analysis

In 1971, the Utilities Study Commission was set up by the North Carolina General Assembly. The commission, under its chairman John T. Church, was to decide whether UNC should sell or retain its water, electric, telephone and sewer systems.

In 1972, the study commission finished its

considering the possibility of selling the utilities to privately-owned companies or to create an authority or University-owned utility corporation. The idea of the latter was to relieve UNC of operation and management but not of beneficial ownership.

Bidders on the utilities were Duke Power Co., Central Telephone and Utilities Corp., Carolina Telephone and Telegraph and Southern Bell. The Town of Chapel Hill was the only bidder on the sewer system.

Consumers Utility Corporation (CUC) was formed in 1972 as a public, non-profit organization to buy the utilities. In 1974, the towns of Chapel Hill and Carrboro and the Orange County Commissioners appropriated \$50,000 each to CUC. Under state law, however, county governments are not able to participate in electric or telephone systems, and town governments are not allowed to participate in electric systems.

CUC did not accept the money. CUC also

decided to change its board of directors, selected by the boards of aldermen of Chapel Hill and Carrboro and the Orange County Commissioners.

The present seven-man board was appointed by Judge D. Marsh McLelland, resident judge of the Superior Court of the 15th Judicial District.

CUC didn't do badly at first. At the June 10 meeting of the study commission, commission member Tom Eller, a Charlotte attorney and former member of the State Utilities Commission, moved that a recommendation to sell the telephone system to Southern Bell, the electric and water systems to CUC and the sewer system to Chapel Hill be passed. The motion was

tabled when state Assistant Atty. Gen. I. Beverly Lake Jr. raised legal questions concerning CUC.

At the next study commission meeting on Sept. 27, the tabled motion was set aside so the commission could consider a substitute resolution made by Sen. Ralph Scott, D-Alamance.

The Scott resolution recommended sale of the telephone system to Southern Bell, and the electric and water systems to Duke Power. UNC would retain the sewer utility. The study commission voted 9-5 to adopt the Scott resolution.

The resolution will be considered by the UNC Board of Trustees on Friday morning. Please turn to UTILITIES, page 2

Utilities retention sought

by Rick Reed
Staff Writer

A minority report, condemning the position of the University and the Utilities Study Commission, was issued today by commission member Tom Eller. The report also called for the retention of the utilities by UNC.

Eller, Charlotte attorney and former member of the State Utilities Commission, said in the report that the study commission (Church Commission) had been dominated by University sentiments in reaching its recommendation to sell three University-owned utilities.

"The commission was created as an independent study commission," the 12-page report stated. "The interests to be studied and balanced by the commission were those of the state, the University, the users of the services, and the employees of the systems... Obviously, these four interests conflict."

The study commission, formed by the state general assembly in 1971, recommended UNC sell its telephone system to Southern Bell, and its electric and water systems to Duke Power.

Eller's report said: "There has been no meaningful consideration of whether the four interests could or would be better balanced by retention or by the creation of a representative corporation, authority or commission owned in whole or in part by the University."

The University administration's refusal to accept anything but a transaction to a third party for value was cited in the report as the primary reason the study commission failed to consider alternative courses.

Eller said the decision to accept cash payment only was reached by the University in expectation of a "one-shot \$35 million wind-fall." He believes, however, that the general assembly can not allow the University to keep the \$35 million without credit against its general budget appropriation.

If a budget alteration is not made, Eller said, "both the general assembly and the University will have grave constitutional and legal questions to surmount."

Eller pointed out that the University will have to pay the higher rates of the new owners but has not computed the amount.

Failure to know how much will have to be added to the annual budget request to pay for the utility rates, the report said, will leave the general taxpayer in the dark on how much he will have to "contribute to the University over the next 10 years" to pay the utilities bills.

Eller also attacked University appraisals of plant values. He noted that the University asked the appraisers to adjust the results and that the new appraisal "coincided remarkably with certain bids and rationalized heavily against others without regard to the amount bid."

He said the appraisal should have been considered before bids were received and that no adjustments should have been made except by the commission's request.

The report also charges the study commission with unfair treatment of the Consumers Utility Corporation (CUC), a non-profit organization set up to provide local control of the utilities.

Eller accused the UNC Business Office of holding private meetings with commission members to acquaint them with a business office study showing that CUC rates would be higher than those of the other bidders. Eller added that in time it was revealed that CUC rates would be lower.

An investigation of legal qualifications of all bidders, conducted by Assistant State Atty. Gen. I. Beverly Lake Jr., was improperly done, according to Eller's statement. In fact, Eller says, "It does not appear that all bidders were submitted to the Utilities Commission; nor does it appear that the legal qualifications of any bidder other than the CUC were investigated."

After finding that CUC was not legally disqualified, the report continues, Lake "ranged on to express his opinions on whether consumers could for and finance the three systems."



Staff photo by Toni Hulfo

Gen. George Brown discusses defense budget cuts at Duke law school Thursday

Defense budget cuts 'tragic' for military

by Bob Marske
Staff Writer

DURHAM—The defense budget has already been cut too much, Chairman of the Joint Chiefs of Staff George S. Brown said Thursday, and further cutbacks will have a greater tragic effect on the position of the U.S. military.

Citing rising costs due to inflation, and expanding programs, Brown said during a news conference at the Duke law school that reductions recently requested by President Ford to fight inflation "could have a major detrimental impact on some programs."

"There is no way we can reduce defense spending for fiscal 1975," Brown said. Layoffs will produce severance pay, and closing of bases would require the cost of removing personnel and equipment. "However," he added later, "we can plan for reductions in fiscal 1975."

Brown dismissed as sensationalism a statement made by Democratic Senate candidate Robert Morgan at a faculty council lunch in Chapel Hill last month. Morgan said the army's brigadier generals outnumber colonels and that the officer corps should be reduced. Brown said the difference results from increases in demand for military personnel from World War II to the present. He did say reductions in the number of upper-level personnel are being considered.

Reading a prepared speech, Brown emphasized the importance of military law and of maintaining U.S. military supremacy.

Referring to a 1949 U.N. statement that "war having been outlawed, the regulation of its conduct is no longer relevant," Brown said, "History has relieved me of the burden of disproving this theory... it is difficult to deny the legitimacy of law for conduct of armed conflicts."

"We must take a hard look at the role of our armed forces in the deterrence of aggression," Brown said. "Our military forces today are 39 per cent below the 1968 level, and 19 per cent below the 1964 level, and there is cause for concern."

"The Soviet defense budget, estimated to be in excess of \$96 billion this year, has been growing in real terms at about 3 per cent a year, while ours continues to decrease."

Prison reform needed—Vickery

by Greg Turosek
Co-Editor

As a lawyer, state Senate candidate Charles Vickery says he has a lot of ideas on what is wrong with the criminal justice system and what should be done to correct it.

His concern also reaches to other issues: tax reform, capital punishment, transportation alternatives and utilities.

Vickery, a Democrat, is one of four candidates running for two Senate seats from North Carolina's 16th District. Also in the race are fellow-Democrat Russell Walker, and Republicans Michael Budd and Ed Tenney. Like Tenney, Vickery is from Chapel Hill.

During an interview in his office Sunday, Vickery spend almost half the time talking about court and prison reform.

"In court," said Vickery, "I see them all—judges, jurors, prosecutors and defendants, and they're all dissatisfied with the system."

"Something needs to be done," he said. "Right now we have 13,000 inmates in a state prison system built for 8,000 persons."

Vickery also claimed that figures he has access to show that 80 per cent of those leaving the state prison system will commit a serious crime.

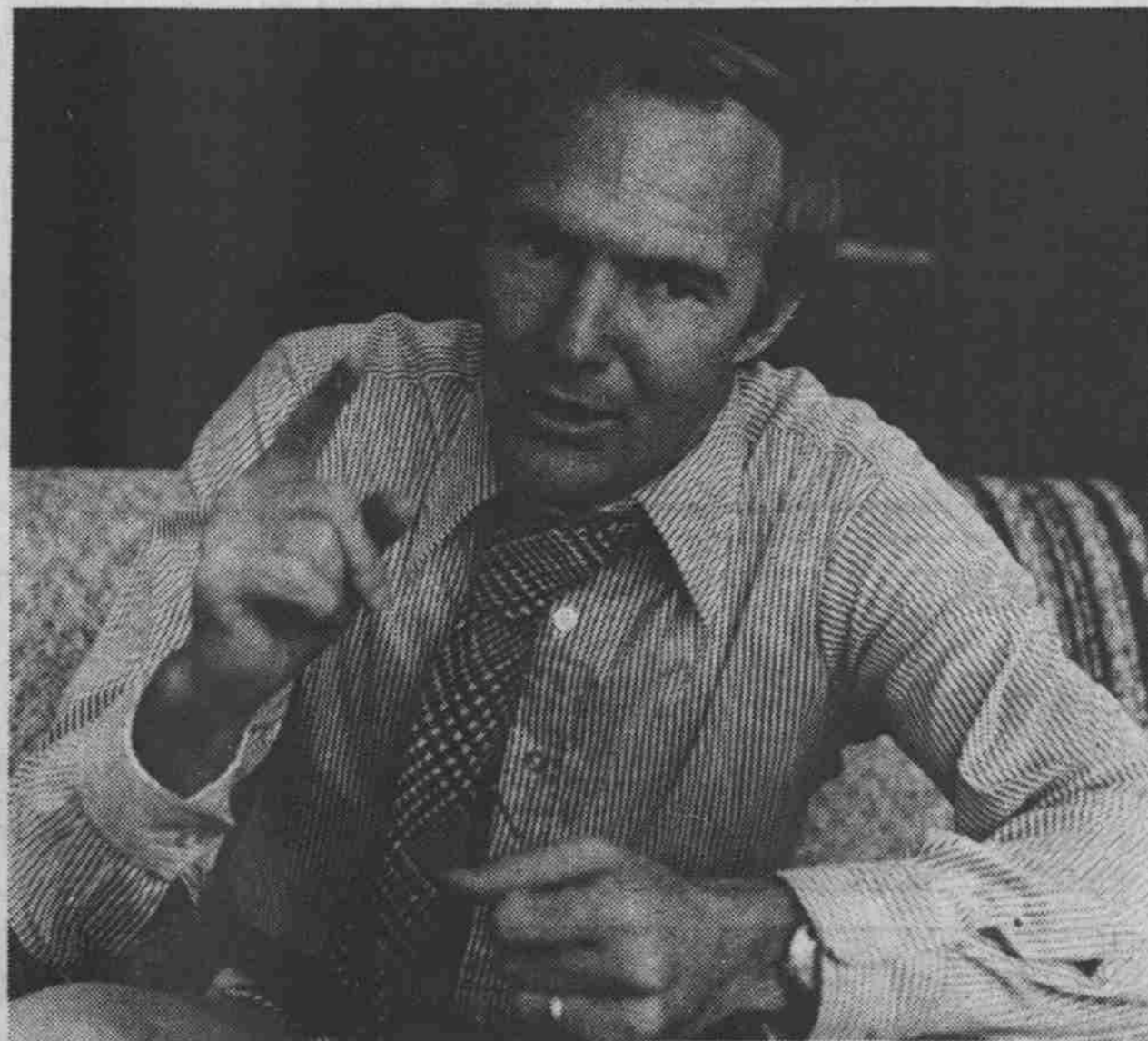
"This is much higher than for those who have been on probation," Vickery said.

"It costs the state \$6,000 to keep a man in prison for a year," Vickery said, "and only \$500 to keep him on probation."

Thus, he feels that because of high costs and the likelihood of former state prison inmates committing crimes, an alternative is needed.

Vickery proposed that "split-sentencing" become the common practice in court punishment.

Split-sentencing involves sending a man to jail for up to 6 months of his sentence, and



Staff photo by Martha Stevens

Charles Vickery talks about prison reform in his Chapel Hill law office

then putting him on probation. If the offender violates his probation, only then would he return to jail to serve more of his sentence.

Vickery noted that not only is the state spending money to keep people in prison, but that it must also spend money to put families on welfare whose household heads

representing Morgan, Kramer said. "I think Bill Stevens sends his wife to events that he cannot attend."

Morgan was first invited to UNC in June, Buehler said, but did not respond. Stevens accepted his invitation in July.

A Morgan campaign representative first indicated that Morgan would not attend the UNC debate during the first week of September, Buehler said.

Kramer explained the delay by saying, "All invitations we received in the early summer were held for a period of time so we could put together a viable statewide campaign schedule."

Should Winberry accept Stevens' terms, they will each speak beginning at 8 p.m. next Tuesday in Great Hall. Both will entertain questions from the audience after the speeches.

Stevens won't share stage with Winberry

by Ted Melnik
Asst. News Editor

U.S. Senate candidate Robert Morgan will not appear at the Carolina Union's Senate Candidates Forum next week, and his Republican opponent, William Stevens, has refused to share a stage with Morgan's campaign manager Charles Winberry.

"Bill Stevens will be on the stage alone and leave the stage alone, (i.e. he will not appear on the same stage as Charles Winberry)," Stevens' campaign manager Brad Hays said in an Oct. 9 letter. Addressed to Union Current Affairs Chairman Janet Buehler, the letter also said Stevens must be allowed to speak first.

This format is similar to the one insisted upon by Morgan for his recent appearance with Stevens before the North Carolina Association of Broadcasters.

Morgan has scheduled other campaign appearances the day of the proposed UNC debate. He elected to send his campaign manager, Charles Winberry, to speak in his stead.

"By no means do we intend to elevate Charles Winberry to the level of a candidate by allowing him to appear on the same stage as Bill Stevens," Hays' letter said.

"Our candidate will be happy to appear on the same platform with Morgan anytime," Stevens campaign aid Steve Krouch said Thursday. "Morgan is the candidate, not Winberry."

"Our candidate manages to speak for himself," Krouch said.

A Morgan campaign aid, former Asst. Atty. Gen. Howard Kramer, said Thursday Morgan is committed to appear in Hickory and Winston-Salem Oct. 15, the day on which he was invited to appear at UNC. Kramer said he could not comment on the acceptability of Stevens' proposed format. "We haven't been informed of that, and I can't speak for Charlie."

Winberry was not available for comment. There is nothing irregular about Winberry

Plans for theatre to undergo revision

by Bruce Henderson
Staff Writer

The long-awaited Paul Green Theatre will undergo a complete revision in scope and design before construction begins, University engineer Alan Waters said Thursday.

"The plans will have to be re-thought out from the very beginning," Waters said. "The overall project will have to be reduced in scale—a completely new design."

The state legislature appropriated \$2,225,000 for the structure in 1971. Low bids for architecture and construction received Aug. 15 totaled \$4,705,000. No additional funds have been approved.

The UNC Planning Office and University administrators will meet with architects in about two weeks to begin redesigning the theatre, based on the requirements of the department of dramatic arts. New plans, Waters said, will be ready within several

months.

"With a new design, we hope to begin construction early next fall," Waters said. Originally, plans called for construction to begin in January 1974, with completion in September 1975.

"At this time, I can't say what the new building will look like or contain," Waters said. "We'll get as many of the functions the dramatic arts department requested as possible."

Initial designs included a revolving platform for audience seats which would face a conventional stage. Seating capacity of 400 to 500 will probably not be changed. The structure as originally planned would have been the only one of its kind in the Western Hemisphere.

Until the new dramatic arts center is completed, campus theatre groups will continue to use the 125-year-old Carolina Playmakers Theatre. Built in 1849, the theatre was recently designated a National Historic Landmark.

Plan passed

A \$57.5 million physical and academic five-year improvement plan was unanimously passed by the UNC Board of Trustees Thursday night. A proposed amendment specifically limiting undergraduate enrollment was not added to the plan. For details, see Monday's 'Daily Tar Heel.'

This is the third in a series of interviews with the state Senate candidates. An interview with Republican Michael Budd is forthcoming.