

Are Southern Bell's installation and service-charge increases justified?

By M. W. CARSON

Southern Bell has filed for rate increases in North Carolina in the amount of \$65 million. No one likes increased prices and Southern Bell does not like to ask for them, but the reason for the rate filing is simple. When Southern Bell's earnings decline to a critically low level — despite its best efforts to increase sales and to reduce operating expenses — the company has no other alternative but to ask for higher prices.

On the expense reduction side of the ledger, for example, is the fact that in 1967 there were 80 employees per 10,000 telephones whereas today Southern Bell has only 50 employees for each 10,000 telephones. Costs have increased drastically. Since 1974 directory paper has increased 47 per cent, gasoline 33 per cent, postage 30 per cent, cable 13 per cent, as examples.

Each year Southern Bell must attract huge sums of capital to finance its construction program. This program in 1977 requires nearly \$180 million to meet the telephone needs of North Carolinians. Two sources exist from which capital expenditure monies come. One source is money generated internally from retained or reinvested earnings. The other source is the money market where Southern Bell sells debt (bonds) or equity (stock).

Southern Bell rates for service must be such that after all costs of operations are paid enough is left to pay the interest on our debt and to pay stockholders a reasonable rate of return on their investment. Obviously if Southern Bell

could not meet interest payments nor pay stockholders what they expect it could no longer raise the money necessary to meet the growing needs of North Carolinians.

That part of Southern Bell's total investment which comes from debt requires a rate of return of 6.78 per cent and a rate of return on equity investment should be about 14 per cent. This means that Southern Bell needs to earn about 9.52 per cent on its total investment in telephone plant to cover the cost of debt and equity.

At present that rate is 6.8 per cent which is critically low and much lower than the 9.1 per cent which the North Carolina Utilities Commission has authorized.

Some \$15 million of the total rate increase request would come from installation charges if the request is approved. Southern Bell is asking for installation charges that fully reflect all the costs associated with installation. These costs are related to receiving and processing the application, establishing directory records, billing files, central office wiring work, the salaries of the many employees involved, establishing repair service records, expenses relating to disconnecting the service and numerous other costs.

Current installation charges do not cover these costs and they are thus borne by all telephone subscribers. In essence, Southern Bell is asking that those customers who have installation work done pay the cost of that work.

It is expected that the North Carolina Utilities Commission will call for a full hearing on the rate request and all aspects of the case would be examined in

great detail. The Commission is responsible for assuring a reasonable opportunity for utilities to maintain their financial health and also that customers pay no more than is necessary for utility services.

As previously stated, a number of aspects of this case, including installation charges, will be vigorously debated. Volumes of evidence substantiating rates will be submitted by Bell and the commission staff will also submit evidence relating to Southern Bell's operations. Based on past experience the decision would come around May 1978.

M. W. Carson is district manager of Southern Bell in Chapel Hill.

By BILL MOSS AND BAIN JONES

This spring, Southern Bell Telephone System assumed control of the Chapel Hill telephone system, amid promises of better service and all the other benefits to those under the Southern Bell umbrella.

Bell immediately announced a set of rate and installation charge increases that would bring Chapel Hill rates up to the statewide standard. Under the University-owned Chapel Hill Telephone Co., residential monthly rates were \$6.50. Installation charges were \$7.50. Southern Bell raised these

figures to \$7.50 and \$24 (\$20 for dormitory students), plus a security deposit.

Our main quarrel is with the installation charges. We feel that the installation charges UNC students are now paying are extravagant, yet Southern Bell has asked the North Carolina Utilities Commission to triple their installation charges. We feel these proposed increases are unwarranted and unreasonable.

The proposed rate and installation charges would increase Bell's revenue in North Carolina by more than \$60 million. The biggest jump is in the installation charges, from \$24 to \$72 (\$50 for dorm students).

We understand the conditions that would lead to a reasonable increase in rates when Bell assumed service in Chapel Hill. But if the new charges are approved by the Utilities Commission, then the installation charge for most UNC students will have increased tenfold in the space of one year.

The connection procedure for phones already installed but not connected (the situation in dorm rooms) is simple: a switch is flipped. It is hard for us to believe that flipping a switch can cost \$50. Southern Bell tells us that there are other expenses involved, such as labor, computer time for billing costs, clerical expenses, etc. But the Chapel Hill Telephone Co. also had all these expenses with the \$7.50 connection charge, and they operated in the black.

We have received no additional benefits from being part of the Southern Bell system. We currently pay more than

double what we paid last year to connect our telephones; Southern Bell wants to triple that amount.

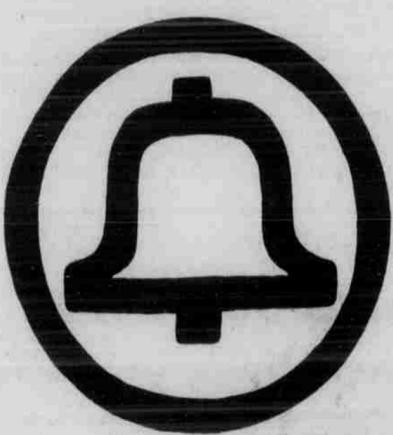
Student Government and the Residence Hall Association have coordinated efforts in an attempt to not only halt Bell's efforts to triple the present installation charges, but to try and reduce the \$20-charge itself.

Our argument is based on the unique situation in which Chapel Hill and UNC students find themselves. UNC students are especially at a disadvantage, because they change residence much more often than the average consumer.

We do not believe that all of the installation charges that students pay to Southern Bell is used to pay for the actual expense of establishing service to the students. Southern Bell has not given us an itemized list of where the installation money goes. We believe that UNC students are paying more than their fair share of Southern Bell's expenses.

This is the main point of our argument; this is what we hope will persuade the North Carolina Utilities Commission to instate a reasonable installation charge for students, considering their unique situation as consumers. We believe that our position is a sound one.

Bill Moss, a senior American Studies major from Youngville, N.C., is student body president. Bain Jones, a senior history and political science major from Albemarle, N.C., is president of the Residence Hall Association.



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The Daily Tar Heel

85th year of editorial freedom

Sartorial elegance Campus T-shirt craze grows

Students are not known for their elegant taste in clothing. But they are known for an earthy creativity and a trend-setting flair in dressing. Students have inspired manufacturers to mass produce pre-washed jeans, Earth Shoes, painter pants, overalls, rugby shirts and many more.

If the medium is the message, then students have certainly found their most suitable means of expression in what they wear. Probably the greatest triumph in expressive vestment is the T-shirt, where the medium often has a message printed on it. T-shirts are an escape from formality, a paradigm of exercise in comfort and functional design, but, most of all, they have become walking billboards. The message may be psychedelic, political or commercial as many T-shirts sport tie-died or art-deco designs, slogans and rhetoric, brand-names and jingles. There is no limit to the medium — T-shirts proselytize everything from socialism to Wheaties. This non-descript cloth innovation has attracted the imagination of Madison Avenue, as well as of Greenwich Village and Gary, Indiana. It is impossible to stereotype the T-shirt wearer or expression. The genre ranges from the blunt "Let's do it" to the reverent "I found it."

On this campus, the T-shirt has a long and storied tradition. The vintage "Save second floor Winston" shirt of a few years ago represents the social and political importance of the T-shirt in Chapel Hill. "You and me and Howard Lee" made bad poetry but it was the stuff shirts are made of. Of course, the preponderance of T-shirts is not political. Besides the illegally obtained Woolen Gym sportswear we see all over the campus, there are a proliferation of shirts for the sports fan. Student Stores make a lot of money for athletic scholarships selling "How sweet it is to be a Tar Heel" and other Carolina-blue slogans. In the commercial vein, Blimpies gets a lot of good advertising vibes arousing prurient interests with its famous "The world's second best taste treat."

Arousal seems to be the aim of many popular shirts. "Virginia is for lovers," an early classic of public relations, was followed by the satiric "Maryland is for crabs." After Farrah Fawcett-Majors teased the nation's males in commercials, TV shows and posters, the next logical step was the T-shirt, where she now writes successfully.

Lately, Carolina students are mixing their sensational and off-the-wall T-shirts with more provincial, dorm-oriented promotion. Morrison and Hinton James are



Staff photo by L. C. Barbour
Russell Rowe with a new shipment



Staff photo by Joseph Thomas
Shelley Rose is happy she's at James

leading the way with their own shirts that feature dorm-selling slogans. In the past, it was enough just to brandish the name of a dorm or institution, but today's T-shirt connoisseur demands something more. There has to be a message that catches the imagination. Morrison has offered the double entendre "High on the Hill" as well as the more conventional "Morrison — just for the fun of it" and "Morrison — Class act of Carolina." Hinton James, formerly following the "I'd rather be in Chapel Hill" pattern, offered "I'd rather be in Hinton James." Now there's a new model, incorporating graphic appeal and a saleable catch phrase. Using the ritzy Cecil Hilton logo, the James wits have wryly given us "Hilton James, South Campus, N.C." And on the flip side of the shirt, "It's worth the walk."

Increase in student fees this year's unnatural act?

To the editor:
The average UNC student is about to be robbed. Student Government, which perpetrates at least one unnatural act upon the student body each year, has decided that this year's outrage will be an increase in student fees.

Not long ago, they tried to raise the amount of fees which we are forced to pay each year so they could have more money to monkey around with; but we voted it down in a campus-wide referendum.

Well, this year they're not even going to ask us for permission — they're just going to slap us with higher fees without a referendum.

To add insult to injury, the Campus Governing Council (CGC) is reportedly considering paying themselves a salary (the money, remember, comes out of our pockets).

We can stop this if we want to. First, we should raise a ruckus with our CGC representatives by telling them we don't want them to take any more of our money. If they vote for the increase anyway, we can force a referendum on the issue (by getting 2,000 signatures on a petition) and repeal it ourselves. And we should "recall" (that means kick out) any CGC member who votes to take more of our money.

Everyone who opposes Student Government's arrogant money grab should get in touch with SAFE (Students Against Fees Excess), P.O. Box 404, Chapel Hill.

Student Government thinks it's going to get away with shafting us again, but this time, we're going to stop them.

Bruce Tindall
Chairman, SAFE

Lance must go

To the editor:
President Carter should fire Bert Lance. The President promised during his campaign to run an open and honest administration. Lance's continued presence in that administration seems to signal that Carter's much publicized "integrity" and "moral courage" is nothing more than a cheap public relations ploy.

Having voted for Mr. Carter because he promised, among other things, to keep "politics as usual" out of his administration, I am deeply disappointed by Mr. Carter's failure to live up to his campaign promises.

John Haas
2818 Bedford Ave.

Slow pace of progress

To the editor:
I would like to respond to the letter of Aug. 29 in which Sherman Golden of the Mayor of Atlanta's Office expressed his



dismay that the Board of Governors had found equality of opportunity in the UNC system "unrealistic." Mr. Golden intimates that HEW's desegregation edicts represent progressive and enlightened leadership, while UNC's opposition betrays its provincialism and ignorance. After examining

many American people hold their federal government. It appears to me that President Friday has acted in good faith. I fail to see the connection between the university system which has in three years increased black enrollment from 18 per cent to 25 per cent in white institutions, and whose 1974

progress is certainly painful. There is some solace in the fact that a generation ago Mr. Golden and I would not have been classmates, fraternity brothers and close friends. We both chose to come to UNC from Atlanta, and I hope we will feel confident enough in this institution to send our children here. The irresponsible intervention of the federal government gives me reason to fear that that might not be the case.

Robert S. Winborne
Executive Office of the President
Washington, D.C.

letters to the editor

We're here to help you

To the editor:
I would like to direct my comments toward the pessimistic column on the Academic Resource Person (ARP) program which appeared in the Orientation issue ("New advising program may hit snags," Aug. 25). The article in question attacked our program without even giving it a chance to get off the ground. I and my fellow Morrison ARPs were very much disturbed, especially since the success of the program will largely depend on the enthusiasm and hard work of the Morrison ARP program — the test target area.

At the recent Morrison Dean's Hour sponsored by Morrison Orientation, the deans and audience discussed the value of ARPs and their relationship to RAs. In contrast to the DTH writer's opinion, some of our RAs welcomed the ARP program as an important complement to their advising duties. Our speaking deans, who included Dean Williamson (of Arts and Sciences), noted that the ARP system would certainly enhance the University's communication system on academic affairs and increase its available avenues of resource information.

I encourage all students to take advantage of this new academic information resource as well as the established systems of academic and resident advisers. We are all here to help you.

Al Osbahr
207 Morrison

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