

Forsyth's Bill Is Assailed By State's Power Companies

RALEIGH - Legislation aimed at blocking Nantahala Power and Light Company from collecting increased rates imposed under bond in 1961 drew the opposition of three power companies and the state's gas industry at a public hearing Thursday.

The concerned attack on a bill introduced by Cherokee County Sen. W. Frank Forsyth was made by Nantahala, Carolina Power and Light Co., Duke Power Co. and the N. C. Gas Association.

Reasons for the united bid to defeat the bill lay in the fact that Forsyth's measure, introduced to replace an earlier bill stinging out Nantahala by name, would revoke the authority of any public utility to impose increased rates under bond.

Under present law, after a utility files application for an increase in rates, it may impose the rates under bond if no decision has been reached by the State Utilities Commission after six months. There is no limit in the present law as to the amount by which the rates may be increased under bond.

Acting under this statute, Nantahala filed application for a rate increase averaging 33 per cent in 1960. Some seven and a half months later, on July 16, 1961, it passed bond and proceeded to charge the increased rates to its customers.

The rate case is still pending with the Utilities Commission, and is believed to be the only such rate case now before the regulatory body.

Since the Forsyth bill, in addition to revoking the future authority for bonded increases, would specifically apply to any utility where a decision on bonded rates is still pending, its most direct effect would be upon Nantahala.

At Thursday's hearing before the Senate Public Utilities Committee, Forsyth faced the battery of legal talent arrayed by his opponents and said "it seems like if one utility gets cut, they all bleed."

But Reid Thompson, Carolina Power counsel, said his company is opposed to abolishing the principle of bonded rate increases because it is "sound, necessary and

vital" for utility operations. In its entire history, he said, CP & L has never made use of bonded rate increases with one exception, which did not involve a general rate increase.

But the lag that occurs between the time a utility may apply for an increase and the date on which an ultimate determination made is frequently so great, Thompson said, that to bar companies from meanwhile collecting the needed revenue would "tremendously encourage any protestant to use every method to seek continuances and delays simply to put it off two or three years."

"In seeking to hit at what may be an abuse at some time," Thompson said, "you'd wipe out a provision that's a vital necessity in rate making procedures."

Thompson is a member of the General Statutes Commission which has recommended a sweeping reorganization of state utility laws, including a 20 per cent ceiling on rate increases made under bond.

Thompson suggested that Forsyth's bill ought to be amended, if it were going to be enacted, to provide a maximum percentage increase and a set waiting periods for bonded increases, rather than to abolish the provision altogether.

But Forsyth argued that if his bill were passed to correct an immediate situation, later passage of a general utility law statute would repeal his bill and thus provide for the changes Thompson advocated and on the other hand, he said, if his bill is defeated and a general utility law revision passed, NP & L could conceivably continue to charge rates under bond "for four or five more years."

Thompson's statement of opposition was endorsed by Carl Horne, counsel for Duke Power.

R. C. Howison, Jr., NP & L attorney, brought the severest criticisms of Forsyth's bill and at a hearing before the same committee in March on Forsyth's earlier measure aimed specifically at NP & L Howison also appeared in opposition.

The new bill, he said Thursday, "is a subtle and sophisticated way to eliminate dis-

crimination embarrassingly obvious in the earlier bill."

Howison said in reality the bill would still discriminate because its principal effect on any rate situation at present would be that of Nantahala's.

"In this bill, Senator Forsyth is saying as to future cases, the Utilities Commission can suspend rates for only six months but as to NP & L we will cut them off right now."

"It is designed to do," he said, "exactly what (the earlier bill) said in so many words it wanted to do."

Howison repeated charges made at the earlier hearing that opponents of NP & L's rate increase had sought by all possible means to delay action by the utilities commission on the rate application by asking for continuances, postponements and through other tactics. The decision to impose the increase under bond was provoked by such maneuvers, he said.

He said that NP & L should have asked for 10 per cent rate increase beginning about 1945 and again in 1950 and 1955 and gradually increased the rates it boosted all at one time in 1961. "For 15 years, the customers had a free ride," he said.

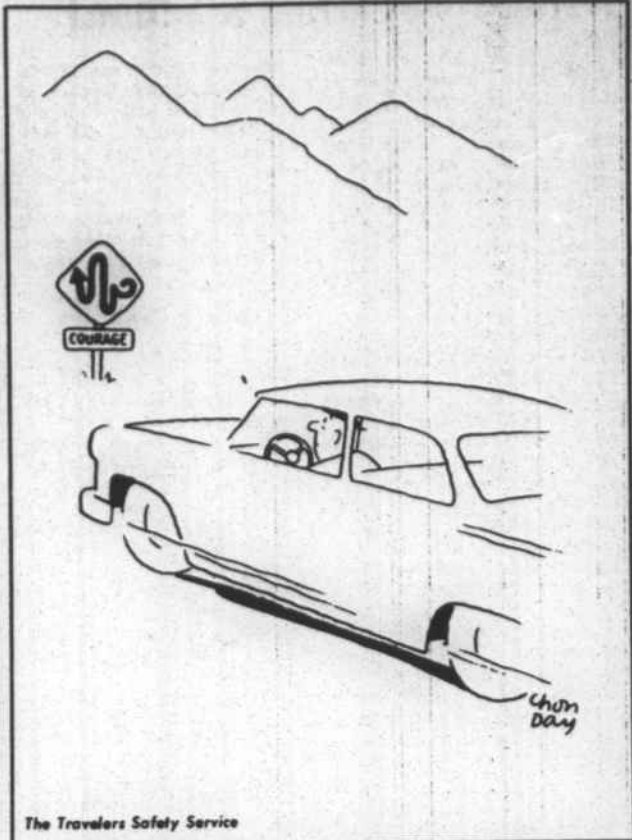
Herbert Hyde, Asheville Attorney for Western Carolina Telephone Co., told the committee that his firm's rate increase case, now pending a fall hearing in the Supreme Court, appeared to be affected by Forsyth's bill, "although it probably would require litigation to tell."

Western Carolina filed petition for a rate increase in January, 1962, and "some months later," put them into effect under bond, averaging about 30 per cent, Hyde said. The increase was the firm's first in about 10 years, he added.

It was 11 months later, he said, before the SUC rendered a 3-2 decision denying the increase, although Hyde said the actual upshot was that "the commission apparently found it couldn't decide anything."

The telephone company lost an appeal in McDowell Superior Court, where the court also ordered that the company

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Cease charging under bonded rates. Hyde said it required a special writ to the Supreme Court to get permission to continue charging rates under bond.

In view of all that, he said, "if this bill were passed, the rules would be changed in the middle of the game."

Speaking generally on all large rate increases made under bond, Iredell Sen. James E. Johnson questioned why

"does a utility company wait to get in such shape to put such a large increase into effect? And why does it take so long to get a case decided?"

Forsyth spoke only briefly but in closing said that Nantahala has offered to sell its distribution facilities to Duke "for about \$4,000,000" and has already collected excess rates under bond in the amount of \$2,000,000.

Those shad bakes bring together a galaxy of politicians, office holders, civic and business leaders. The socials were started years ago honoring the district highway commissioner who at that time was D. B. McCrary of Asheville. The shad bakes still center around the highway officials. Two highway commissioners, Elsie Webb of Rockingham, and Bill Horner of Sanford, were in attendance Friday along with Highway Director Bill Babcock and Assistant Highway Chairman Roger Jackson of Raleigh and many others of the highway commission.

Shad and shad roe along with corn dodgers and coffee make the appetizing and tasty plate for the occasion.

WESTERN LEGISLATORS - Western Legislators in the General Assembly from some 18 or 20 counties in the West held breakfast meetings every other week to discuss problems of mutual interest. Last

Letter To The Editor

The Editor:

I would like to protest the beer advertisement that appeared in the Scout last week. Do you really believe that beer belongs in North Carolina? Did you ever look in the face of a 21 year old boy whose broken body had been pried out of the twisted metal that had once been an automobile and know that beer had been the cause of it all? Have you ever tried to balance the money brought into N. C. by all the things listed in that ad against the tax money that is spent to support just one jail, or one convict

who is doing time because of beer? To say nothing of the broken homes, heartache and suffering of his family?

I think the people of Clay and Cherokee Counties have registered their protest more than once against the sale of beer in our counties and I don't think they are going to appreciate it being advertised in our local paper.

If the beer advertisements continue, you may cancel our subscription.

Sincerely yours,
Mrs. Enoch Hogsed,
Warne, North Carolina

Tar Heel... PEOPLE and ISSUES' ...By Cliff Blue

INDIAN MOUND - Town Creek Indian Mound in Montgomery County near Mount Gilead is proving to be a fine attraction and asset, and in our opinion holds possibilities far beyond its present scope.

The museum and reception center will add to the potency of the restoration, and if real live Indians could be brought in to have a part in the project, we think they would hold possibilities of being a real asset.

Town Creek Indian Mound might become one of the top tourist attractions in Central North Carolina.

The people of Montgomery County, working with the Department of Archives and History are to be congratulated upon the accomplishments in this Indian restoration project.

SHAD BAKE - Friday afternoon of last week some 300 men from central North Carolina gathered in Aberdeen for the 19th annual Aberdeen and Rockfish and Town of Aberdeen shad bake, initiated and continued under the leadership of Forrest Lockey.

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week the Haywood County Legislators, Senator Oral Yates and Rep. Ernest Messer, were hosts at an appetizing and tasty country ham breakfast in the Legislative dining room to which they invited Senator Clarence Stone, a few others and myself from the Piedmont and East. We enjoyed the fellowship as well as the country ham.

ROTATION - Some of the legislators led by Senator George Snow are urging doing away with the rotation agreement in the Senatorial districts where it has been followed in the past. The feeling is that many of the Senators will be able to gain more seniority and influence by not having to skip terms.

RE-DISTRICTING - It appears that the House stands ready to support the Currie re-districting plan offered by Senator Currie of Durham. However, the issue in the Senate appears to be far from decided.

CONSOLIDATION - High School consolidation in many counties of North Carolina is moving ahead about like grammar school consolidation was in the early 20's to form high schools.

LINDSAY WARREN - Former Senator Lindsay Warren of Washington was pleasant visitor at the Sir Walter and at the Statehouse building a few days last week. Senator Warren, without a doubt was the most powerful figure in the General Assembly during the '61 session of the General Assembly.

BONER - Standing in the Sir Walter Hotel a night last week Commissioner of Agriculture L. Y. (Stag) Ballentine motioned us to come over and when we did he introduced us to a beautiful and charming lady, saying: "I want you to meet Mrs. Freeman." We told Mrs. Freeman that we were delighted to meet her, and as a point of conversation, asked where she was from. She replied, "Washington." We started to ask if it were "Washington, N. C." when someone reminded

us that Mrs. Freeman was the wife of the U. S. Secretary of Agriculture. However, Mrs. Freeman is a native of North Carolina, being originally from Winston-Salem.

COFFEE POTS - Governor Sanford keeps a pot filled with hot coffee in his office to serve those who call upon him. President Clarence Stone of the Senate also keeps a coffee pot hot and ready in his office for himself and his guests.

10 From WCC Gain Society

CULLOWHEE - Ten Western Carolina students were initiated into Alpha Phi Sigma national honorary scholastic society last week.

Students are eligible for this honor when they have maintained an average of 3.5 out of a possible 4.0 quality point rating for a period of three successive quarters, with at least ninety quarter hours of credit.

Betty Sprung of Murphy was one of the ten initiated.

Betty is the daughter of Mr. and Mrs. Jim Sprung of Murphy.

Hawkins Reunion

CULBERSON - The children of the late Paul and Frances Hawkins held their annual reunion on Sunday, April 28, at the home of Mr. and Mrs. Joe Hawkins.

Children attending were Mrs. Lillie Hensley, Mrs. Daisy Arp and Mrs. Mattie Arp, Isabella, Tenn.; Mrs. Nettie Rice, Mineral Bluff, Ga.; Gay and Castell Hawkins, Rt. 4, Murphy, and Joe Hawkins, Rt. 2, Culberson. Approximately 65 relatives, including grandchildren, great-grandchildren, and also great - great - grandchildren, and friends attended the picnic dinner. All reported a good time.

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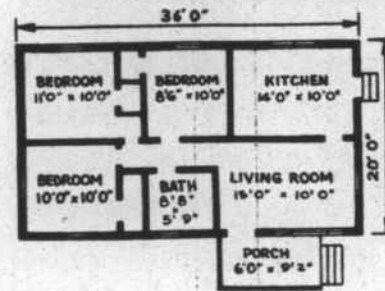
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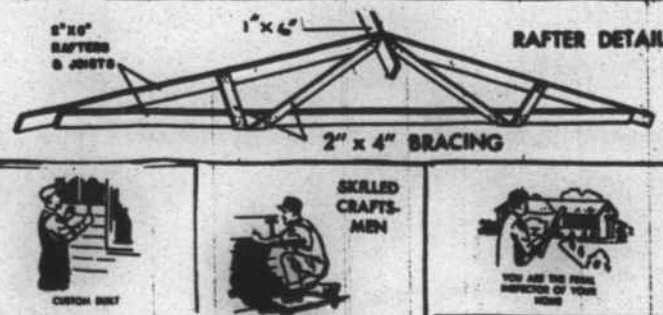
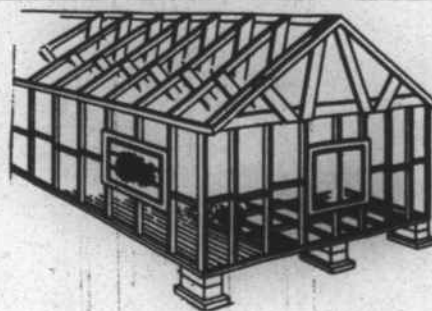
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