

What You Want To Know About The New Gas Rates

During September, 1932, a statement was made in the newspapers by your Gas Company that an application for REVISION of rates would be made when gas from the deep wells in Northern Pennsylvania was available.

Reasons for Rate Revision

The purpose of the revision of rates was two fold:

FIRST: To more equitably distribute the costs of the business. There are some expenses such as meter reading, billing, bookkeeping, maintenance of meters, repairs to mains and service lines, taxes, etc., which are practically the same for each customer, regardless of the amount of gas used. For instance, it costs just the same to read a meter, make out a bill and enter it on the books for one thousand cubic feet of gas as it does for ten thousand cubic feet. In many cases these individual expenses amount to more than the total monthly bill paid by the customer. Those customers who use only a small amount of gas each month show a direct, continual loss to your Gas Company and that loss is made up by the customers who use more gas. It is obviously unfair to expect the larger user to pay the loss incurred in serving the small user of gas.

The price of 85c for the first thousand cubic feet of gas used per month partially covers the above expenses, and thus allows the remainder of the gas used to be supplied at a lower rate than would otherwise be possible. Each and every customer pays the same price for the first one thousand cubic feet per month, and thus more nearly pays for the service rendered to him.

The above principle has been recognized in a number of recent rate revisions in this State, and has long been a part of rates for electricity in nearly all communities.

SECOND: To make available to the communities served by your Gas Company the benefits of the recently discovered deep gas in Northern Pennsylvania. Under the new rates, customers will be able to enjoy the benefits of gas at a price comparable with other fuels. Based on 1931 sales, about 80 per cent. of the customers of the Empire Gas & Fuel Co., Ltd., and the Hornell Gas Light Co., will have their bills reduced about \$33,000.00 per year. Only 7½% of the customers will find their bills increased over \$1.00 PER YEAR (8 1-3c per bill), while 11½% will find slight increases (less than \$1.00 per year). To this 19% the total increase will amount to about \$1,730.00 per year and the average increase to each customer included in those increased will amount to about 80c per year, or less than 7c per month.

The schedule published herewith shows a comparison between the old and new rates for various quantities of gas used. It should be noticed that the only bills increased are those of customers using 3,000 cubic feet of gas per month, or less. It should be further pointed out that, while the small summer bills of some customers will be increased, the more burdensome ones of the winter season will show substantial reductions.

Who is the Small User?

There is some confusion of thought as to the identity of the customer referred to as the small user and the rate he is to pay for gas. Here we wish to make it very plain that many families who might be referred to as poor or in very moderate circumstances are not the ones whose bills will be raised. Such families in most cases do much of their heating with gas, by means of small heaters and are numbered among our good customers, and are included in the 80% whose annual bills will be reduced, because it is only the first thousand cubic feet of gas which takes the eighty-five cent rate; the second thousand cubic feet takes the sixty-four cent rate and this rate prevails until ten thousand cubic feet have been used, after which the sixty cent rate starts.

Comparing the Old and the New Rate

Gas Used Per Month	At Old Rate	At New Rate
1,000 Cubic Feet	.70	.85
2,000 Cubic Feet	1.40	1.49
3,000 Cubic Feet	2.10	2.13
4,000 Cubic Feet	2.80	2.77
5,000 Cubic Feet	3.50	3.41
10,000 Cubic Feet	7.00	6.61
15,000 Cubic Feet	10.50	9.61
20,000 Cubic Feet	14.00	12.61
25,000 Cubic Feet	17.50	15.61
30,000 Cubic Feet	21.00	18.36
35,000 Cubic Feet	24.50	21.11
50,000 Cubic Feet	35.00	29.36
75,000 Cubic Feet	52.50	41.86

The New Rate Schedule

Per Month	Gross	Discount	Net
First 1,000 cubic feet	.90	.05	.85
Next 9,000 cubic feet (This includes each 1,000 cubic feet after the first 1,000 at .85. If you use 2,000 cubic feet the second thousand gets the benefit of the .64 cent rate.)	.69	.05	.64
Next 15,000 cubic feet	.64	.04	.60
Next 25,000 cubic feet	.57	.02	.55
All over 50,000 cubic feet	.51	.01	.50
Minimum Bill	.90	.05	.85

The consumer referred to as the small user may also be called the convenience user. This is the customer who rarely uses over one thousand or two thousand cubic feet, who seldom, if ever, uses enough to pay the actual cost of service yet who wants the gas available for his convenience when he turns the valve. Included in this class of customers are the tenants of apartment houses, small stores, professional men's (doctor's, medical and dental) offices, and those people of sufficient means to travel a good deal in both the summer and winter months. Such customers are entitled to service, but they certainly should be willing to pay a few cents per month for the convenience of service.

About "Field Prices"

The statements that are made as to the available gas at the field at very low rates are only partly true. It is true that temporarily some "flush" production from small individual properties may be purchased at a low price but this cannot be depended upon indefinitely. To properly serve our customers and to assure them a permanent, dependable supply of gas when needed, your Company naturally cannot rely on short term contracts for "flush" production. Those who talk to you of the "field prices" also fail to explain that the cost of gathering, transporting and delivering the gas to your stove, is and must be much higher than the cost at the well. Field meters are necessary at some of the wells. Gathering lines bring the gas to central points, and compressing stations deliver the gas to transmission lines, which bring it to regulators at the various centers of distribution. The streets of your town are underlaid by many miles of pipe which distribute the gas to the service connections and your meters. Your Gas Company has over 600 miles of pipe line in daily use to supply its customers. Costs in the gas business are largely dependent upon the mileage of pipe in the ground and the number of customers to be served. The cost for labor, repairs, office expense, maintenance of pipe lines, trucking, taxes and many other items, all contribute to the cost of the gas at your stove or other appliances. The Company owns and operates over one thousand wells (one for about ten customers). These wells have been for many years, and still are, the major source of the company's gas supply, and careful analysis shows that these wells can be expected to furnish a supply of gas for years to come. The expenses of operating these wells and keeping them in such condition that the gas is not lost or wasted, have not decreased appreciably. All facilities must be ample to provide for the peak load of the coldest winter day, which is many times the average demand. The services of many men are required to enable you to have gas when you want it, in sickness or in health, day or night, just by turning a little valve.

The foregoing are available facts of public record and any honest criticism must be based on a study of these facts and not upon snap judgment or mere opinion. Those, who for personal reasons, desire to create feeling against your Gas Company can "suggest" one rate as well as another and it is natural for any of us to "wish" we might buy gas or meat or coal or overcoat at less than any prevailing price.

Your Company has been serving this community for upwards of forty to fifty years and during all that time has endeavored to deal fairly and maintain cordial, friendly relations with its customers.

The passing years have but served to increase our faith in the fairness of our customers and these facts are presented to you so you can effectively answer the ill considered criticism made by those who have not taken the trouble to study and understand the situation before voicing their objections to the new rates.

EMPIRE GAS & FUEL CO., LTD.