PP&L Reports 1955 Outstanding in Operations; President Re-Elected

The Board of Directors of Pennsylvania Power & Light Company, meeting after Monday's annual meeting of the company, re-elected Chas. E. Oakes, president of the company.

The following officers were reappointed by the Board:

A. D. Root, Vice President, Financial; H. Ferguson, Vice President, Operating; Geo. M. Keenan, Vice President, Engineering; R C. Swartz, Vice President, Commercial; Jack K. Busby, Vice President and General Counsel; G. Whittier Spauling, Vice President; E. L. Palmer, Vice President, Public Relations; D. J. Connell, Vice President, Scranton Division; J. S. Davidson, Vice President, Harrisburg Division; M. S. Lawrence, Vice President, Luzerne Division; E. E. Mensch, Vice President, Susquehanna Division; F. C. Mueller, Vice President, Schuylkill Division; H. M. Schelden, Vice President, Lehigh Division; G. T. Storb, Vice President, Lancaster Division; L. C. Pursell, Second Vice President; F. H. Markley, Treasurer; R. R. Fortune, Comptroller; H. J. Flood, Secretary; M. T. Peters, Assistant Treasurer; L. H. Heineman, Assistant Treasurer; R. Merritt Knoll, Assistant Secretary and C. R. Collyer, Auditor.

1955 — Progress Outstanding

Mr. Oakes told shareowners at the PP&L annual meeting that 1955 was a year of outstanding progress for the Company and that the Company expects "a satisfactory level of business to continue in Central Eastern Pennsylvania." the area served by the utility.

More than 80.6 per cent of all outstanding shares of PP&L stock were represented at the annual meeting, a near record in a 10-year period in which representation has been continuously above 70%, despite the fact that the number of shares has more than doubled in this period.

Summarizing the progress of the Company in providing for continuing growth, Mr. Oakes said, "PP&L will spend $32.8 million on new facilities in 1956 and $157 million in the next five years as a positive indication of its belief in the economic growth of Central Eastern Pennsylvania. Completion of the second generating unit at Martins Creek in mid-1956 is expected to add 160,000 kilowatts of capability. Another 100,000 kilowatts was acquired as a result of the merger with Pennsylvania Water & Power Company. This additional capacity, now being sold to neighboring utilities and which becomes available to the Company in 1957 and 1958, was paid for by the issuance of securities at the time of the merger. This capability of 260,000 kilowatts will be available for growing customer needs in the immediate future.

No New Financing

"The financing done in 1955 left the Company with $18 million which, with cash generation from 1956 operations, will more than meet the Company's cash and construction requirements in 1956. No new financing will be required this year."

The last ten-year period has produced remarkable growth. Total "original cost" electric plant account increased from $181 million in 1946 to $528 million at the end of 1955. Gross revenues for 1946 were $51 million and gross revenues for 12 months ending this March were $125 million. Peak load increased from 656,000 kilowatts to 1,275,000 kilowatts.

Benefits, meanwhile, have accrued to customers, employees and security holders. Customers rates on a weighted average basis increased only 4.6 per cent since 1946 in spite of an 86 per cent increase in the cost of coal and a 105 per cent increase for other materials and supplies.

Meanwhile, operating employees have enjoyed a 74 per cent increase in wages and benefits in the same period.

For shareowners, there has been an increase in dividends from $1 00 to $2.40 in the 10 years since 1946.

"The Company's tax bill in 1955 reached $22.4 million. This is more than the total net income of the Company and is nearly 1.3 times as much as the dividends paid."

In reporting on the tax situation as related to the Company's operation, Mr. Oakes said, "One of the problems in talking about taxes is that people think of corporations as something apart from people. It must be realized that the services furnished the public are services performed by people, that the money received for such services is money earned by people and that the taxes levied on a corporation are therefore taxes impoesd on people"

He pointed out that at the present time "A substantial amount of the financial resources of the people are being diverted and soaked up by taxes. Instead of finding their way, through individual savings and investment, into the productive channels of commerce and industry, these resources are being appropriated to provide subsidies for certain minorities at the expense of the taxpayers at large. They are being appropriated to finance government entry into the field of proprietary business in direct competition with the citizens, themselves And finally are being appropriated to engage in a vast duplication of work on the part of governmental departments and agencies not in accord with businesslike methods.

Cannot Estimate Savings

The recent Hoover Commission set out to find out how much of present-day government costs to taxpayers are unnecessary. Adoption of the Commission recommendations would result in net savings of 5½ billion yearly. It could mean a balanced federal budget, reduction in the national dept and reduction in taxes.

"The Hoover Commission's findings on water resources and the competition of the Federal government with private citizens in the production of electric power, for example, were so extensive that it was impossible to estimate the savings to taxpayers by elimination of waste and the adoption of sound policies and practices.

"A study by Senator Martin of Pennsylvania showed that the government appropriated nearly $2 billion from taxpayers for its Tennessee Valley electric project (TVA). Taxpayers from every state help subsidize the project. Pennsylvania's taxpayers have had to pay $145 million as their proportionate share—an investment from which they get no benefits.

"Meanwhile, federal power agencies such as TVA pay no federal taxes and little, if any, state or local taxes. They are also free of state and local control. Significant in this direction, exemptions from tax charges and other uneconomical rate making practices caused revenues from Federal power sales in 1953 to fall about 40 per cent below the value of the power. Business losses of the federal power agencies are recovered by further drains on the federal treasury.

Further Unfair Advantage

"Not only do all taxpayers outside government power areas have to pay for this so-called "cheap" power, but also face stiff competition for their industries from government power areas which flaunt the subsidized power costs as the drawing cards."

The PP&L president explained that a further unfair advantage in the federal hydroelectric scheme is the use of so-called "preference" clauses in the sale of Federal power in areas where government has pre-empted the rights of power generation. "These clauses provide certain power bodies already enjoying tax advantages over investor-owned utilities first claim in buying federally-generated power," said Mr. Oakes.

"Thus, where private electric companies logically expect to purchase their fair share of this Federal power for their own customers, they must take the remaining power, if any, after the requirements of the preference customers have been satisfied. Furthermore, the investor-owned utilities may even have to give up this small share of the power if the needs of the preference customers increase.

"What this means," Mr. Oakes declared, "is that about 20 per cent of the people in this country are receiving under-priced federal power, while the other 80 per cent pay part of the bill in taxes" The local utility head went on to offer a solution to the "preference" evil stating that the available federally-generated power at wholesale, should be at uniform rates and upon equal terms to both local public and private citizen organizations already in the business of distributing and selling electric power This would "insure equality, without unfair discrimination, in the disposition of any federal power for all citizens"

Board Relected

Mr Oakes asked for a firmly established national policy by which government should not enter into any proprietary business, in any field, except where taxpaying, business-managed industries could not undertake it. Such a policy would be consistent with the historic pattern for this nation which has produced so much for the general welfare, and has always proved to be in the best public interest.

"The electric industry faces a period of growth that dwarfs even its unprecedented past expansion. The industry is more than able to meet any challenge of the future. An example of the electric industry looks ahead and moves ahead is its work on the development of atomic power for electric generation. This is an integral part of the everyday activities of our industry, and in less than two years since the Atomic Energy Act opened the way for industry to participate, 44 electric utilities and more than $300 million already has been committed to the research, development and the construction of atomic power plants"

The following members of the utility's board of directors were re-elected by the shareowners The re-elected directors are D H. Brillhart, chairman of the board of directors of Union Bank and Trust Company of Bethlehem; Percy A. Brown, president of Percy A. Brown & Co, Wilkes-Barre; Philip H. Cooney, financial vice president of Insurance Company of North American, Philadlephia; Ira Hawkins, member of law firm of Simpson Thacher & Barlett, New York; Geo M. Keenan, vice president of the Company, Allentown; George R. Lamade, president and general manager of Grit Publishing Company, Williamsport; C F Nagle, director of The First National Bank of Scranton, Chas. E. Oakes, president of the Company, Allentown; A D. Root, vice president of the Company, Allentown; J B Warriner, mining consultant, Bethlehem; and Joseph S. Young, president of Lehigh Portlant Cement Company, Allentown.

In Fashion Now

Leather is a new favorite for suits and coats this spring The colors are unlimited A leather skirt, a leather and tweed jacket and soft wool blouse in the same color makes a wonderful outfit. The leather can be cleaned with warm water and soap on a damp cloth.

Soft kid great coats are expensive but a wise investment if you need a sport coat With good care it will last for ages and is warm and light-weight.

The new hats are bulkier and, after such a long time with tiny hats, they are a welcome change for most of us. There are so many different shapes that there is something becoming for everyone. Don't invest in an extreme design unless you feel completely at ease in it. Instead, try one of the modified numbers.

IN COMA 4 YEARS; DIES

ASHEVILLE, N C. — Four years and one month after falling from a scaffold, while painting a church, Cliff Greene, 49, died in a Veterans Administration hospital. Greene, a former Marine, often opened his eyes, but he stared ahead oblivious to the world. His mother, Mrs. Lillie Greene, believed that he recognized her as his mother — from the expression in his eyes.

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