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An Important Message About Energy From PP & L Chairman, Jack K. Busby



After years of unheeded warnings, severe shortages of natural gas finally occurred, precipitated by the prolonged winter cold. One more signal that we have a serious long-term energy supply problem in this country. It is now beyond debate that when energy shortages hit, our society is crippled. The harsh evidence of lost employment and lost production is indisputable.

The winter weather conditions also created a large number of operating difficulties for generating units. Even so, electric loads were generally met, though capacity margins were tight. The so-called excess generating capacity of some utilities — criticized here and there a few months ago — totally disappeared in the winter cold. One bright spot was the good performance of nuclear power plants, reflecting their freedom from the limitations of conventional fuel supply and delivery.

If it had not been for industrial plant shutdowns because of natural gas curtailments, which reduced electrical loads that would otherwise have been on line, there would have been critical shortages of electricity.

This is a reminder that the basic issue of building ahead to have adequate generating capacity and fuel to meet tomorrow's electrical needs is very much with us. Lead times for power plant siting approvals and construction are lengthening. PP&L's most recent look indicates that, as things now are, we have to allow about 13 years to bring a new coal-burning power plant on line at a new site. The implications are scary. This means that, apart from capacity now in service plus capacity under construction, there is nothing that can be done to add more coal/nuclear-based power supply for 1984/1985. Indeed, we are practically at 1990. Every day is increasing the hazard of future shortages of electric power supply. Yet action is inhibited and constricted by a complex amalgam of uncertainties and risks. The need for clarifying and supportive governmental energy policies is overwhelming.

The adoption of effective new energy policies depends on whether Americans have the will to do what is required.

The geologic and economic realities underscore the need for more investment for facilities, fuel and advanced research, as well as more investment for conservation. It is going to be an expensive process, with quick payoffs being unlikely. For the time being at least, all signs point to continuing higher prices for energy.

This is not the answer people are looking for. It seems they would prefer to hear that higher prices for energy are caused by some kind of energy fraud or fix, or by the heedless actions of uncaring managements, notions which carry the comforting thought that if "the scoundrels" can be identified and properly dealt with, consumer energy problems will disappear. So, all too often this is what people are told, frequently coupled with a few rousing denunciations of "obscene profits." Although such talk has an unmistakable popular appeal, it is pernicious nonsense. It obscures reality and promotes cop-out attitudes. It discourages new investment and frustrates the development and implementation of the basic long-term energy decisions that are necessary.

We want our investors and customers to know that while we think it is misleading to give people false hope that some way can be found to protect them from the reality of higher costs of energy, we recognize that it is our job in PP&L to run a taut ship and to exert every effort to hold down costs and to improve our performance. We appreciate that we are living in an ever-changing world where new opportunities for

better performance regularly occur. We understand that it is our responsibility to seek them out and put them to good use.

We realize that we cannot see ourselves as others see us. Therefore, we believe in the concept of outside audits to monitor management effectiveness and operating efficiency. While no one is perfect, and no one likes to be criticized, our aim is to have a constructive attitude about the outside audit process in which we welcome suggestions and advice on where and how we can do better.

We also want our investors and customers to know that outside forces, over which we have little or no control, are the main causes for the higher costs and prices of energy. For example, we do not have control over the fact that the exploration and development of energy resources in more remote and more difficult locations, and at greater depths, is bound to be more costly. We do not consider that we are responsible for the national policies and decisions that have caused inflation with all its consequent cost increases. Nor did we establish the host of new and costly environmental standards that now have to be met, with inevitable reflections in higher prices for electric service. Our ability to get things done promptly and at low cost has not been helped by the endless stream of new governmental requirements which have proliferated reports, hearings, investigations and all kinds of technical studies.

The saving grace in this outside-imposed cost situation is that it does not arise from any intention to increase costs. On the contrary, the difficulty rather stems from an excess zeal to do good things for people without sufficiently considering the cost consequences beforehand. This is really a problem of inadequate systems management.

Over time, energy has become afflicted by too many laws, regulations and programs which have different purposes and priorities, and which are nonconnected and unrelated even though they exist side by side. We have now come to the point where we are bogged down in an unacceptable mishmash of crosscurrents and conflicts. Some government management housecleaning is in order.

It is most encouraging that President Carter has proposed to establish a comprehensive, restructured federal energy department headed by Dr. James Schlesinger. We urge investors and customers of PP&L to support action to this end. We take this position because we are convinced that a central obstacle to the nation's working its way out of the energy crunch is the present fragmentation of energy jurisdictions within federal departments and agencies and within the Congressional committee structure. The proposed federal energy department could be a most significant first step towards establishing an adequate management system for energy. Other counterpart housecleaning steps involving the Congress and federal-state relationships in energy could then be pursued with some reasonable chance of success.

Without further delay we must face the fact that our patchwork quilt of piecemeal energy management is not working. Certainly we need natural gas, but natural gas cannot meet all our energy needs. The same is true for our other major fuel sources — oil and coal and uranium. All form intermeshed parts of the nation's overall energy supply. The unavailability of any one is disruptive of the whole. That wasn't always so, but it is now. The management of energy as a total system is the only safe escape route that still remains open to us.

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PP&L

Ida's

Notebook



Ida Risser

Everyone needs a few minutes of peace and quiet when they can be alone to collect their thoughts. It might be after supper when you've been left alone in the kitchen to clean up the dishes, or maybe you can find time to ponder over the ironing board.

My favorite time is after the rush of getting two youngsters off to an early bus a mile from our house. Then I like to sit down with a magazine or even yesterday's newspaper and sip a cup of tea. It can also be a time to write my diary and plan the order of work for the day. You see, I do feel a bit guilty relaxing, as the "work ethic" has been firmly implanted in my mind. As the oldest of seven girls raised on a farm, at an early age, I became both mother's and father's constant helper.

Judy and I have just

finished papering and painting a bedroom. Of course, we had to remove the old paper first and then to slow things down, we had to return to the store for another roll of paper. We are anticipating a small family reunion this weekend and it takes something like that to urge us to tackle this job.

Our daughter and husband will be here a few days from Indianapolis, our son and fiancée will also come. Another son and friend are driving from North Carolina and Judy is home from Penn State and so we'll have a full house.

One of my neighbors told me she would have a shuttle service from McDonalds if she had all that company. But feeding them is the least of my worries - rather it is trying to keep things on a semblance of a schedule with everyone running a different direction.

N.J. youths to meet

FLEMINGTON, N.J. - The annual North Jersey Youth Conference will be held on March 18, 19 and 20, at the Holiday Inn in South Plainfield, N.J. near Piscataway.

The conference is for teens involved with any youth organization, such as: 4-H, Scouts, Church, etc. The

theme for the conference is "New Thoughts, New Visions." The purpose of the North Jersey Youth Conference is for an experience designed to provide teen youth the opportunity to speak out in issues affecting today's living; to understand these issues, so as to later make decisions for helping themselves and others.

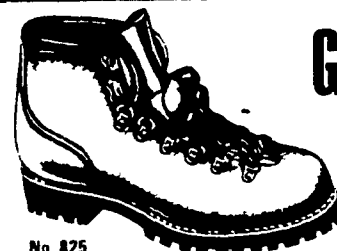
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