

COLD??
Help Inside



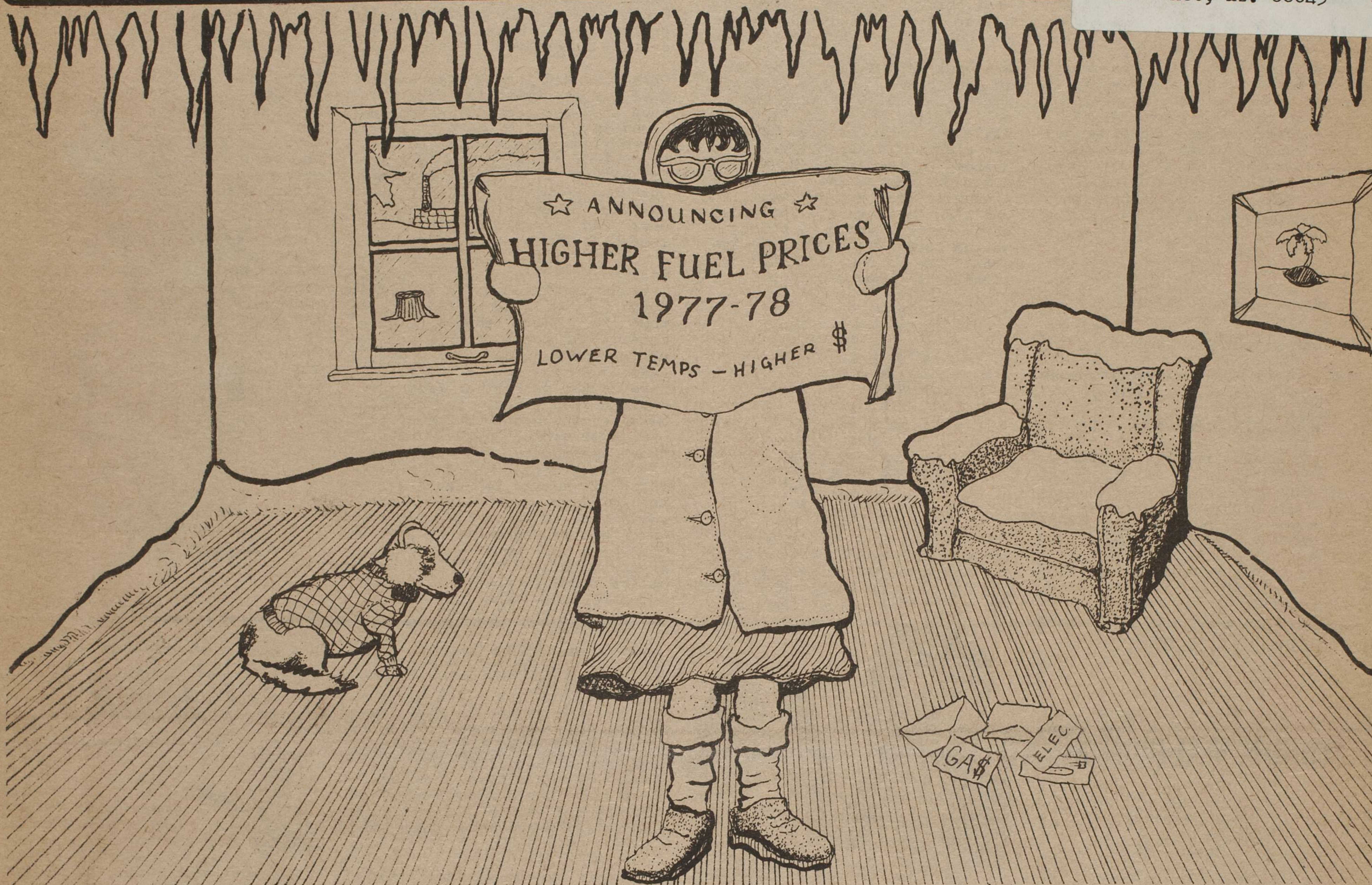
Public Notice

In cooperation with the Community Mercantile

Vol. III No. 1 Nov., 1977, Lawrence, Kansas

Kansas Collection
Spencer Library 2-78
Kansas University
Lawrence, Ks. 66045

RA
WL
G1249
V.3:1
1977



Yes ... Right Here in Lawrence

BY SUSIE HANNA

Were you outraged by your high natural gas bills last winter? You'd better start winterizing now and bracing yourself for even higher gas prices. Winter is on the way and the local gas company is clamoring for higher prices and more profits.

Kansas Public Service Co. recently raised their rates 4.8 per cent and is now pushing hard for more money and a new rate-setting policy which would make increases quicker and easier to obtain. Along with gas shortages and efforts by Congress to drastically increase gas prices nationally through deregulation of prices, it means outrageous gas prices are going even higher.

The local gas company is an unusual utility. It's privately owned and serves only Lawrence; most privately-owned utilities serve more than one city and as such are regulated by the Kansas Corporation Commission. The Gas Co. operates under a franchise agreement with the City. Rate increase are granted by the Commission with the advise of consulting firm studies.

As a private corporation, the Gas Co. makes money by selling gas. The more customers and the more gas sold, the greater the potential for profits. Declining consumption due to conservation and mild winters over the past five years, along with rising operating expenses have cut into company profits.

The Gas Co. now is complaining that their profits are set unreasonably low. Last year the company made \$200,000, \$130,000 short of the profit margin specified by Black & Veatch, the rate-setting consultant.

In addition, a company accounting error caused the company to charge too low a price for the gas sold the first eight months of 1977. By the time the error was discovered, \$90,000 in revenue was lost.

In August the Gas Co. quietly and illegally increased gas prices, following the discovery of the price error. Though required by the franchise agreement to give 30 days notice for an increase, the company boosted their prices on Aug. 23 and then, exactly one month later, informed the City of their actions.

Now, they intend to charge customers for the \$90,000 error. Olin Petefish, company attorney, told the Commission that they intend to recover the money either by a surcharge or by withholding refunds to gas customers scheduled to be distributed at the end of the year.

Both methods of recovery appear to be illegal. A surcharge would be retroactive rate making, increasing prices on gas already sold, which is in clear violation of state law. (Kansas Supreme Court 3/25/64 Southwestern Bell vs Kansas Corporation Commission) Withholding refunds entitled to customers breaks the franchise agreement.

Petefish told the Commission that it was the company's position that they are entitled to get the \$90,000 whether the City liked it or not. He then challenged the Commission to a "friendly suit" in Douglas County District Court.

The Commission then asked the City Attorney for a written opinion, the first step in contesting the company's plans in court.

The Gas Co. is also pushing for a new method of rate making. Petefish, calling on the Commissioners to "rise above" their desire to keep utility profits low, asked the City to allow unexpected cost increases to the company to be passed on immediately to customers.

The Commission took no action, but the Gas Co. intends to form-

CONTINUED ON PAGE TWO

NEIGHBORHOOD NEWS

BY SUSIE HANNA



What's all the fuss about on the east side of Massachusetts?

The Journal-World billed the debate over construction of a new East Lawrence neighborhood center an "old fashioned neighborhood scrap." The East Lawrence Improvement Association had voted to stop plans for the center and put the money into repairing the existing center and housing rehabilitation. In response, the Far East Lawrence Improvement Association voted to support the center.

The issue wasn't a neighborhood battle, nor was it a neighborhood decision to build it. Amidst a large crowd, the City Commission voted unanimously Oct. 18 to build the center. The pleas by ELIA

members for more housing money were quickly fluffed off by the Commission.

People unfamiliar with the East side often assume it's one big neighborhood. Mayor Marnie Argersinger, in a paternalistic tone, chided the neighborhoods' residents for squabbling

But East Lawrence and Far East Lawrence are two distinct neighborhoods with different needs. Old East Lawrence, the area north of 15th and west of the railroad tracks, is the oldest neighborhood in the city. It has many more elderly and low-income people than Far East Lawrence. Far East Lawrence, the area east of the

CONTINUED ON PAGE THREE