

**AMERICAN GAS
ASSOCIATION MONTHLY.
VOL. III, NO. 12, PP. 642-
705, DECEMBER, 1921**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649336746

American gas association monthly. Vol. III, No. 12, pp. 642-705, December, 1921 by Various

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Vol. III

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***L**ET us give our thoughts to determining the things that are essential, our time to planning their accomplishment, and let us persevere until their completion is a fact.*

DANA D. BARNUM.

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FOR STATEMENTS AND OPINIONS CONTAINED IN PAPERS AND DISCUSSIONS
APPEARING HEREIN, THE ASSOCIATION DOES NOT HOLD ITSELF RESPONSIBLE

AMERICAN GAS ASSOCIATION MONTHLY
OFFICE OF PUBLICATION, EASTON, PA.
SUBSCRIPTION RATE 3.00 PER YEAR

Entered as Matter of Second Class at the Post Office, Easton, Pa.
Acceptance for Mailing at Special Rate of Postage Provided for in section 1103, Act of
October 3, 1917, Authorized July 16, 1918.

The Danger of Smog

In a *New York Times* Book Review Mr. Thomas Quinn Beesley writes of "The Eugenic Prospect" by Doctor Saleeby of Edinburgh. We have not read the book but we have read the review and there are portions of the former quoted which are most interesting to the gas man. Dr. Saleeby writes of the health prospects of posterity in which he sees little light for his own Londoners and Edinburghers until those cities learn to do away with their smoke.

"Smoggy London" he calls it with its fogs heavy with coal dust and in the comparison of which New York is a shining metropolis. If one may not find much encouragement in his eugenic prospects for coming Londoners one at least may find healthy possibilities for the gas industry's future. Read it from his own pen:—

"According to the chemist, gas and coke, the combustible residues of coal after its still more precious constituents have been removed, are what we should use as fuel.

According to the physiologists, headed by Professor Leonard Hill, we should heat our houses by the radiant heat, smokeless, but involving ventilation, which the gas fire alone affords.

According to every one who has ever tried to cook anything, the gas cooker is civilization, and the kitchen range savagery.

The kitchen range, provided for the combustion of soft coal, and the continuance of the "hellish and dismal cloud" which makes our cities so infernal in the Winter, should henceforth be relegated to the museums which exhibit other horrors of the Dark Ages.

Probably no woman will consent, even if any woman be allowed, to use such an antiquated abomination ten years hence. Does the Ministry of Health, in defiance of the most obvious and elementary laws and needs of health, propose to allow local housing authorities to minister to disease, and to build houses which—like our battleships, according to Lord Fisher—will last a hundred years, and be obsolete in five?"

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Mr. Munroe Reviews the Year

Address of Charles A. Munroe, President of the American Gas Association, at the Third National Convention and Exhibition of the Association, Congress and Auditorium Hotels, Chicago, November 9, 1921.

THE American Gas Association held its organization meeting in the city of New York in June, 1918. It was organized to promote and develop the gas industry and to co-ordinate activities to the end that it might serve to the fullest possible extent the best interests of the public. At the time of its organization the world had been at war for four years. Each of these years, as one succeeded another, brought problems more difficult than its predecessor, finally culminating in 1920, the darkest year the industry has ever seen.

But the great distress of our industry was the blending force which brought all of its elements together, and now as we emerge into a world of peace we see that

the terrible strain of those days has accomplished one great thing—it humbled every man in this business. Every one became desirous of co-operating with every one else, in order to remedy conditions which were threatening the very life of the business. During this period our Association was fortunate in having as its President a gentleman of great distinction, who endeared himself to all those who worked with him, and who eliminated any possibility of jealousy among the member companies. For how could such unworthy feelings exist in the face of such unselfishness and high purpose as he showed on every occasion. I refer to the Honorable George B. Cortelyou.

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Gas Men Agree on Fundamentals

It is indeed gratifying, as was brought out at the Atlantic City conference, that we have come to a unanimity of opinion on the general character of rate structures. This has been a subject of earnest discussion among gas men for many years, and to-day I think I can safely say that there is not a single fundamental policy of our business on which there is disagreement.

Taxation Problems

This Association was among the first in the country to appreciate the harmful effect which flows from tax-exempt securities, estimated to amount to as much as ten billion dollars. It was the hope of your Association that it would be possible to point out to the country and to Congress that the securities of public utility companies in the hands of holders should in all fairness be on a parity for the purposes of taxation with the securities issued under state authority. We have made substantial progress in arousing a public sentiment throughout the length and breadth of the land against tax free securities, and it is our earnest hope that the time may soon come when all securities will be on a parity for the purpose of taxation.

Your Association is co-operating with the National Electric Light Association and the American Electric Railway Association, and as a result of this co-operation a committee on federal taxation, representing the public utility interests of the country, has been created. That committee has been active in presenting the views of your Association to the Ways and Means Committee of the House and the Finance Committee of the Senate. This Committee is also urging

the adoption of Senator Smoot's bill providing a sales tax, and is also keeping close watch upon the development of the 1921 Revenue Law, with the hope of eliminating from this law, provisions which would be harmful to our industry.

Effectual protest against the inclusion in the Fordney tariff bill of a tax on Mexican oil was made by the Gas Oil Committee of the Association. It is believed that this government could not with propriety levy an import tax on oil and at the same time protest against an export tax levied by the Mexican Government.

Calorific Standards Should be Modified

Throughout the year the Association has had occasion to assist in the elimination of candle-power standards from the requirements of city ordinances and State Commissions. It is to be hoped that the withdrawal of the obsolete candle-power standard will be shortly followed by a modification downward of the high calorific standards which now prevail. It can be demonstrated that a gas with a calorific standard of 300 B. t. u. is capable of doing all the work which can be done with a gas of a higher calorific value, and in the main such a gas can be used with greater efficiency, due to the smaller quantity of air required to complete combustion. It would seem self-evident that there should be no calorific value required higher than can be produced from the most economical fuels and under the most modern processes of manufacture. With the increasing demand for oil, the importance of lower calorific values is emphasized. As a conservative measure to preserve the oil resources of the nation, there should be a general lowering of the B. t. u. standard.

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In order that this Association might be thoroughly posted on the workings of a decreased calorific standard, especially in England, we dispatched our engineer, Mr. Phillips, to study the situation there and to report. There will be available to the membership of this Association the results of his study.

The Gas Company Telling Its Story

When the period of losing money came, relief in the way of increased rates had to be secured if the utilities were to survive. In the past year your Association has been active in telling the public the story of the gas company through its literature and through its assistance in organizing committees on public utility information in the various states. We have tried to make the public realize that their great public utility institutions were in danger of destruction, owing to increased costs of delivering the service, unless compensatory increases in rates were granted, and further that the comfort and prosperity of each community is inseparably linked with the welfare of these utilities. We believe that the people understand to-day, as they never understood before, the fundamental economics underlying our business.

As evidence of the better understanding by the public of our business and the fairness of treatment which follows this understanding, a notable instance may be mentioned. The Chicago Association of Commerce, representing the business men of this community, appeared before the Public Utilities Commission of the State and urged that the Commission increase the rate of the railway companies, the telephone company and the gas company. This action of the Association of Commerce was based

upon the conviction that the public begins to lose, or actually loses, the conveniences they should have when they exact rates for service which are below the operating cost, including a fair return on the investment, and furthermore that it does not necessarily follow that taking away something from a public utility is for the public good.

We must continue the work until the public realizes that a public utility property is devoted to the service of the whole public and that their interests are thoroughly safeguarded when the operation of a utility is regulated by competent men chosen by their elected representatives. Public utility service is no longer a luxury to be enjoyed by the wealthy, but rather is a necessity for the comfort and convenience of all the people, and therefore, if all the people must have this service, it is self-evident that the people must pay sufficient for the service to enable the utilities to carry on.

Fair Gas Rates Must Be Continued

At the present time a difficult task confronts us—one which we can only meet through education of the public. Prices for all commodities have had a decided drop, and it is only natural that the people, through their representatives, should inquire when the price of our gas is to be reduced. We must point out to our consumers that a considerable period elapsed between the time that commodity prices began to rise in value and the time that we received relief through increased rates. Some of the delay in receiving increased rates is chargeable to the management of the companies, many of whom hesitated to ask for the increase in rates in the hope that the increased commodity cost was temporary and would soon return to normal. Again

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there was a long delay between the application for the increase and the order putting it into effect—with the result that during this delay inventories and working capital were used up, and maintenance work deferred. When the public understand that during the past years you have been unable to earn sufficient to pay your operating expenses and taxes and a reasonable return on the value of your property devoted to the public use, they are going to permit you, in all fairness, to make up, through your rate, any deficits thus incurred.

Selling Securities to Customers

Article Two of the constitution of our Association deals with the purposes for which it was formed. Section 4 reads as follows: "To conserve and encourage investment in the gas industry."

We know that our industry stands at the threshold of an era of great prosperity and useful service. Therefore, each company should have no hesitancy in under-taking to sell its junior securities to its customers. The money obtainable in this way is as cheap as it can be secured from any source, and besides we should do our share toward the education of the public in the fundamentals of the public utility business. This education can be accomplished in no more thorough and effective manner than through the sale to our customers of our securities.

Technical Training Should be Encouraged

This Association must continue the work of pointing out to the universities and technical schools of the country the demand which exists for men fully prepared to enter the gas business. During the year University of Michigan has adopted and now is offering a full three-

year course in gas engineering, and if our industry is to go forward, and achieve the most which the business is capable of doing, it must have pouring into it every year a large number of technically trained, fully prepared gas engineers.

Employees' Representation

In the coming year we should give attention to the question of Employee's Representation, and those companies which have not looked into the benefits to be derived from the adoption of such a plan can well afford to do so. The individual to-day is entitled to receive fair treatment from his superior, and such plans of Employees' Representation afford an orderly method for the disposition of any grievances to the mutual advantage of the individual and the company.

The Exhibit

We are particularly indebted to the Manufacturers' Section for the splendid exhibit which it has provided at this Convention, and it should be the duty of every one of our members to acquaint themselves with the appliances offered.

Geographical Consideration as Affecting Membership

Notwithstanding the very gratifying membership growth which this Association has enjoyed in the past year, there are a number of companies remotely situated, notably on the Pacific Coast, which are not members of the Association and which, because of their location and consequent inability to have their employees participate in the work of the Association, feel that they should have the benefits of a membership, but should not pay as much in the way of