

10TH ANNUAL REPORT
BOARD OF PUBLIC WORKS

Grand Haven
Michigan



TENTH ANNUAL REPORT
OF THE
BOARD OF PUBLIC WORKS

GRAND HAVEN, MICHIGAN

For the fiscal year ended
September thirtieth
Nineteen Hundred Thirty-nine

MUNICIPAL
POWER AND LIGHTING
SYSTEM

1896 — 1939



HUGH P. MULLIGAN
President

HARTGER JONKER
O. T. SCHUBERT

HARRY J. SWANSON
ARTHUR G. WALTER

J. BRYAN SIMS
Superintendent



WASHINGTON AVENUE AT CHRISTMAS TIME.

PERSONNEL OF THE BOARD OF PUBLIC WORKS AND LENGTH OF TIME SERVED

	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
MEMBERS										
JOHN J. MULDER* -----		RE-ELECTED								
EDWARD L. BEHM -----			RE-ELECTED				PRESIDENT			
JAMES H. JOHNSTON† -----	PRESIDENT	PRESIDENT		RE-ELECTED						
O. T. SCHUBERT -----			PRESIDENT	PRESIDENT	RE-ELECTED PRESIDENT					RE-ELECTED
HARRY J. SWANSON -----						RE-ELECTED PRESIDENT				
HARTGER JONKER -----			APPOINTED	ELECTED			RE-ELECTED	PRESIDENT	PRESIDENT	
HUGH P. MULLIGAN -----					APPOINTED	ELECTED			RE-ELECTED	PRESIDENT
ARTHUR G. WALTER -----								ELECTED		
SUPERINTENDENTS										
HARRY J. BADCON -----										
EDWARD L. BEHM -----										
J. BRYAN SIMS -----										

Original members of Board elected are the first five listed and their terms in years as originally appointed are in the same sequence.

* John J. Mulder resigned June, 1932, and Hartger Jonker was appointed.

† James H. Johnston resigned July, 1934, and Hugh P. Mulligan was appointed.

THE ANNUAL REPORT

The Board of Public Works is again pleased to submit its tenth annual report on the operation of the Grand Haven Municipal Electric System. A COMPARATIVE STATEMENT of the operations for the fiscal years ending September 30, 1938 and September 30, 1939 as TAKEN FROM THE ANNUAL AUDIT recently completed by the firm of Maihofer, Moore & DeLong is offered for your consideration.

The OPERATING REVENUES for the fiscal year under review INCREASED \$16,390.03, and is attributed to the general trend of increased use of electric current. The GREATEST INCREASE of revenue in any one division was shown from the sale of COMMERCIAL POWER.

The plant OPERATING EXPENSE DECREASE of \$13,607.69 was due principally to the fact that an unusual amount of deferred maintenance had been completed during the fiscal year of 1938, while routine maintenance only was done during the fiscal year of 1939. There were also SAVINGS of \$2,644.11 in FUEL COSTS, notwithstanding the fact that 19% MORE KILOWATT HOURS WERE PRODUCED.

The INCREASE of \$2,177.36 in the DISTRIBUTION EXPENSE was due principally to the additional distribution expense necessitated by one hundred five new customers added to the lines during the year, also a new MAPPING AND RECORD SYSTEM WHICH WAS COMPLETED.

During the fiscal year the Electric System paid a City and School tax of \$6,758.82 into the tax fund; also \$15,600 into the General Fund, \$3,600 of which represents rent.

The DECREASE IN TAXES in 1939 as compared to 1938 was due to the plant having been assessed in the Spring of 1938, which was prior to the addition of the new engine-generator to the capital account. The valuation of the plant for this tax purpose is based on a tax appraisal with capital expenditures added, and depreciation deducted in accordance with depreciation schedules recommended by consulting engineers.

The INCREASE IN DEPRECIATION for the fiscal year ending September 30, 1939 over the fiscal year ending September 30, 1938 was the result of the addition to the capital account of the new unit expenditure made by the auditors at the end of the fiscal year.

The APPARENT INCREASE IN INSURANCE EXPENSE is the result of the insurance reserve set up during the fiscal year.

The KILOWATT HOURS GENERATED in the year ending September 30, 1939 was 10,332,200 as compared with 8,677,400 during the previous fiscal year, or an INCREASE OF OVER 19%.

The \$18,061.93 RETURNED TO USERS in the form of "Paid" bills was DIRECTLY DEDUCTIBLE FROM NET EARNINGS. It is interesting to note that if this refund had not been made THE INCREASE OF THE NET EARNINGS for the fiscal year ending September 30, 1939 over the year ending September 30, 1938 WOULD HAVE BEEN \$19,932.70, or approximately the same as the increase of the fiscal year 1938 over 1937. The cash on deposit for operating capital and future expansion increased from \$9,024.90 in 1938 to \$40,260.98 in 1939. Total current ASSETS INCREASED \$35,849.88. Total current LIABILITIES DECREASED \$8,820.13.

QUOTING THE AUDIT

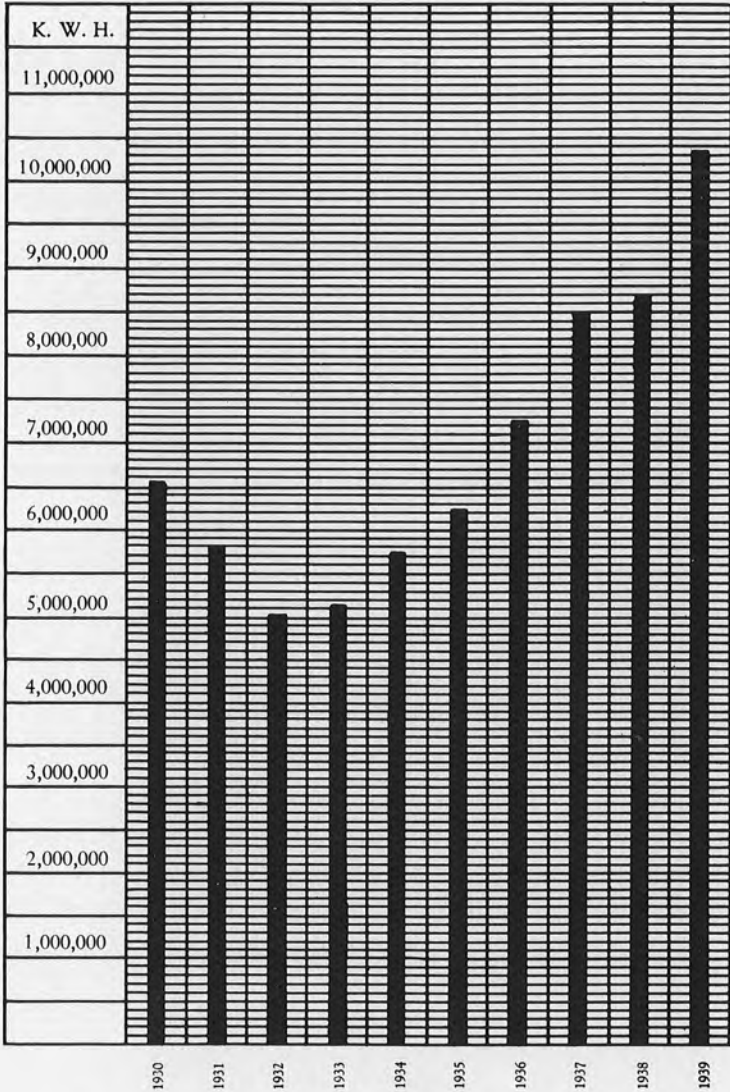
The following are excerpts from comments of the yearly audit :

“On a kilowatt hour basis the generating REVENUE DECREASED \$0.00266 per kilowatt hour. The operating EXPENSE DECREASED \$0.00360 per kilowatt hour.

“It is to be noted that the number of KILOWATT HOURS produced INCREASED 19.07%. Because of the increase in volume the OPERATING REVENUES INCREASED 7.13%, while the OPERATING EXPENSES DECREASED 2.12%. The operating REVENUES PER KILOWATT HOUR, however, DECREASED 10.04% because of the LOWERED RATE, while the operating EXPENSES DECREASED 17.8%.

“It will be noted from the above summary that the operating revenues increased while the operating expenses decreased. This very substantial increase in net operating revenue was offset by refunds to consumers. The final result was a small increase in net income to surplus.

“The increase in non - operating expenses was wholly deliberate and voluntary, the Board refunding to consumers the amount of \$18,061.93 as rebates on light and power bills. This was IN ADDITION TO A REDUCTION IN RATE already put into effect.”



GRAPH OF KILOWATT LOAD GROWTH SINCE 1930.

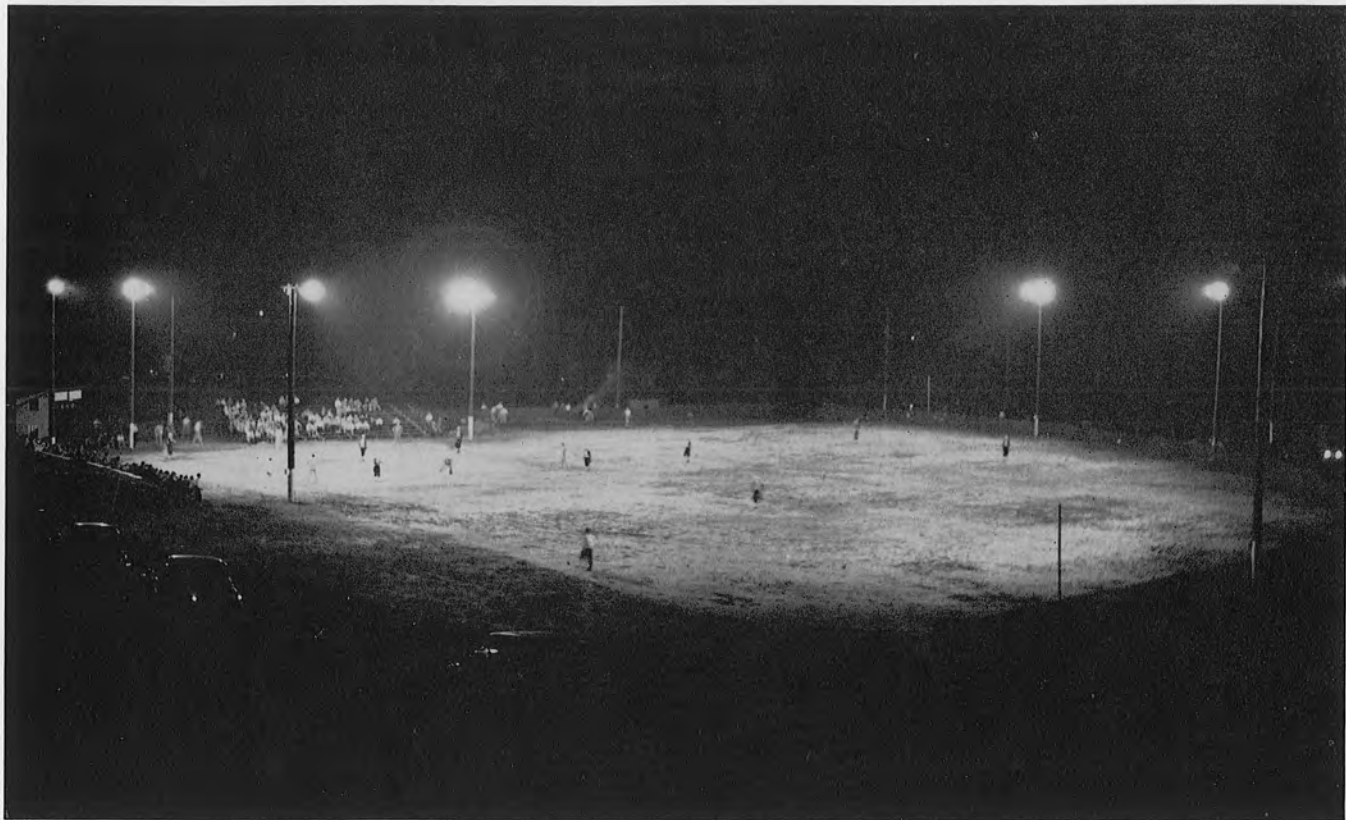
MUNICIPAL POWER AND LIGHT DEPARTMENT

COMPARATIVE STATEMENT OF OPERATIONS

Years Ending September 30, 1938 and 1939

	Year Ending September 30, 1939	Year Ending September 30, 1938	Increase or Decrease*
OPERATING REVENUE	\$246,375.97	\$229,985.94	\$16,390.03
Miscellaneous Revenue	269.51	320.78	51.27*
Total Revenue	\$246,645.48	\$230,306.72	\$16,338.76
OPERATING EXPENSES (Power Plant)			
Superintendence and Labor	\$ 20,295.73	\$ 20,125.61	\$ 107.12
Fuel	23,838.50	26,482.61	2,644.11*
Maintenance and Repairs	3,854.01	14,497.53	10,643.52*
Supplies and Expenses	4,287.61	4,777.79	490.18*
Total Plant Expenses	\$ 52,275.85	\$ 65,883.54	\$13,607.69*
DISTRIBUTION EXPENSES (Power Lines, Etc.)			
Salaries and Labor	\$ 11,324.41	\$ 9,809.08	\$ 1,515.33
Transportation (Truck Upkeep, Etc.)	670.60	415.80	254.80
Supplies and Expenses	1,019.39	612.16	407.23
Total Distribution Expenses	\$ 13,014.40	\$ 10,837.04	\$ 2,177.36
UTILIZATION EXPENSES	\$ 2,302.97	\$ 2,621.92	\$ 318.95*
COMMERCIAL EXPENSES	\$ 1,748.81	\$ 1,514.03	\$ 234.78
GENERAL EXPENSES (Office Administration)			
Salaries	\$ 10,405.30	\$ 10,818.66	\$ 413.36*
Office Supplies	921.98	679.71	242.27
Rent	3,600.00	3,600.00	-----
Insurance (Fire and Breakdown)	4,700.00	3,309.00	1,391.00
Interest on Meter Deposits	473.37	455.32	18.05
Interest on Contract and Loans	911.50	2,340.24	1,428.74*
Advertising	672.35	375.31	297.04
Bad Debts	203.45	266.22	62.77*
Transportation	589.35	369.91	219.44
Miscellaneous	1,813.25	1,530.39	282.86
Total General Expenses	\$ 24,290.55	\$ 23,744.76	\$ 545.79
TOTAL OPERATING EXPENSES	\$ 93,632.58	\$104,601.29	\$10,968.71*
NET INCOME (Before Taxes and Depreciation)	\$153,012.90	\$125,705.43	\$27,037.96
DEDUCT:			
Taxes (City and School)	\$ 6,758.82	\$ 7,442.54	\$ 683.72*
Depreciation	71,357.21	63,426.92	7,930.29
Change-over from 2 to 3 Phase	362.50	234.30	128.20
Returned to Users (Paid Bills)	18,061.93	-----	18,061.93
Total Deductions	\$ 96,540.46	\$ 71,103.76	\$25,436.70
NET INCOME	\$ 56,472.44	\$ 54,601.67	\$ 1,870.77

* Denotes Decrease



GREEN HILL ATHLETIC FIELD SOFT BALL LIGHTING.

THE FISCAL YEAR

The fiscal year ending September 30, 1939 was significant in that it marked a DECADE OF SERVICE to the people of the City of Grand Haven by the Board of Public Works. It is also evident that the plans which were formulated ten years ago are creating results in greater proportions of value to the public from year to year.

During the fiscal year ending September 30, 1939 the load on the Municipal Electric System CONTINUED TO INCREASE to a point of more than 19% OVER THE PREVIOUS FISCAL YEAR OF 1938. MONTHLY RECORDS for production WERE BROKEN SEVERAL TIMES during the year with general increases shown by all types of users.

RATES REDUCED

During the year the remaining notes on the last 2000 KVA generator unit purchased in 1937 were paid, and the System began the new fiscal year without debt and with a substantial cash reserve for emergencies.

On June 1, 1939 RATES WERE REDUCED in an amount estimated to be approximately \$20,000 annually. This rate reduction affected practically ALL CLASSES OF USERS, and was made RETROACTIVE for one year by RETURNING TO ALL YEAR AROUND USERS A MONTH'S BILL (April 15 to May 15) marked "Paid." This amounted to over \$18,000, being approximately equivalent to one-twelfth the year's gross revenue or 8½% DIVIDEND to all year around users. This reduction was estimated to SAVE THE RESIDENTIAL CUSTOMERS of Grand Haven, Ferrysburg and rural sections \$10,200 annually, COMMERCIAL LIGHTING CUSTOMERS \$4,200 and INDUSTRIAL POWER USERS \$5,600.

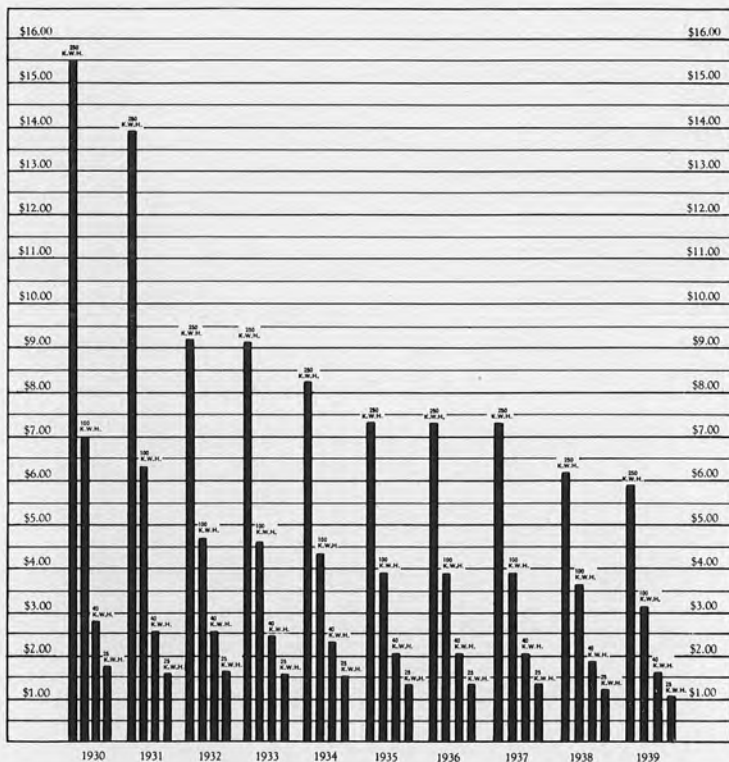
A COMPARISON of 1939 rates with those of 1930 is interesting. The residential bills NOW AVERAGE LESS THAN ONE-HALF of what they would have amounted to NINE YEARS AGO. In revising the rates an attempt was made to SIMPLIFY them. One RESIDENTIAL RATE is now effective in Grand Haven, Ferrysburg and the rural sections with a difference only in monthly minimums. POWER RATES were also condensed into a general rate and optional power rate in order to further SIMPLIFY their structure.

INSURANCE RESERVE

During the fiscal year of 1939 the System became not only DEBT-FREE but was in BETTER FINANCIAL CONDITION than ever before. Breakdown insurance coverage on a number of items not normally carried by private concerns, but which had been insured by the Board due to the fact that they had been operating with a small cash reserve, were cancelled and a new insurance reserve established.

IMPROVEMENTS

TWO MAJOR CAPITAL EXPENDITURES were made during the fiscal year. A ONE-ROOM BRICK ADDITION to the power plant was built to house the existing Nordberg engine muffler installation. This



COST OF 25, 40, 100 OR 250 KILOWATT HOURS TO RESIDENCE CUSTOMERS SINCE 1930.

will recover waste-heat from the engine mufflers to heat the buildings and was erected at a cost of \$1,798. Also a 150,000 gallon UNDERGROUND FUEL OIL STORAGE TANK was installed at a cost of \$5,111. Ultimate plans call for the installation of exhaust waste heat boilers to further reduce heating expense at the plant.

Two 70 feet lots adjoining the fuel storage tanks were purchased from the American Legion at a cost of \$500 each as a precautionary measure to insure protection of fuel storage and for further expansion if necessary.

INCREASE IN USERS

There was an INCREASE IN THE NUMBER OF ELECTRIC METERS in the Grand Haven system of from 3102 in 1938 to 3207 in 1939, an INCREASE of 105 customers, or approximately 3½%. A NEW POWER INSTALLATION was made for the Wood Reproducers Corporation who purchased the Washington Street building of the Story &

Clark Piano Company. During the year the Bastian-Blessing Company also INCREASED THEIR POWER INSTALLATION materially. Very SUBSTANTIAL INCREASES in consumption of electricity were shown by practically ALL FACTORIES Eighty-four NEW RESIDENTIAL CUSTOMERS were connected during 1939 with 19 line extensions. The AVERAGE YEARLY KILOWATT HOUR CONSUMPTION per RESIDENTIAL CUSTOMER increased nearly 100 kilowatt hours in the fiscal year of 1939 over 1938. One hundred eighty-three ELECTRIC RANGE INSTALLATIONS were made.

The street lighting and electric DISTRIBUTION POLE LINE ON HARBOR AVENUE along the water front was COMPLETELY REBUILT with new style lighting fixtures, the City paying for the lighting fixtures, while the balance of the cost was absorbed by the Board.

A Class "A" SOFTBALL FIELD LIGHTING INSTALLATION WAS COMPLETED during the year at a cost of approximately \$1,800. Underground cables were laid, making a neater installation than is usual for this type of work. This softball field was operated by the Softball Association with considerable success during the season, and electric current was paid for out of their receipts.

STATE SALES TAX

During the fiscal year the State legislature passed a law imposing a 3% sales tax upon electricity manufactured and sold by municipalities in Michigan. The constitutionality of this law was contested in the courts by a majority of the municipalities concerned.

Note: (As this report went to press a decision by the State Supreme Court upheld the constitutionality of the law).

IN CONCLUSION

In analyzing the operation of the plant for the LAST TEN YEARS probably the most significant fact is that although the ELECTRIC LOAD HAS INCREASED, varying from 40% to over 90%, the production expense HAS NOT INCREASED materially. The total net operating expense in 1930 was \$111,976, while in 1939, with a much larger percentage of power produced, only \$93,632.58 was expended. The gross revenue has also remained fairly stationary, although with a MUCH LARGER OUTPUT OF KILOWATT HOURS. This is due to the CONSISTENT RATE REDUCTIONS. In 1930 the gross revenue from sale of current was \$213,207, while in 1939 the gross revenue from sale of current was \$246,375.97. These results are from the CONTINUED INCREASE IN ELECTRICAL CONSUMPTION, continuous REDUCTION IN RATES and marked increase in operating economy. They have been accomplished through long range planning, the support of our plant by the citizens of this community and the excellent service rendered by the employees of the Board.



A CHRISTMAS LIGHTING PRIZE WINNER.
HOME OF MR. AND MRS. JACK THOMA.



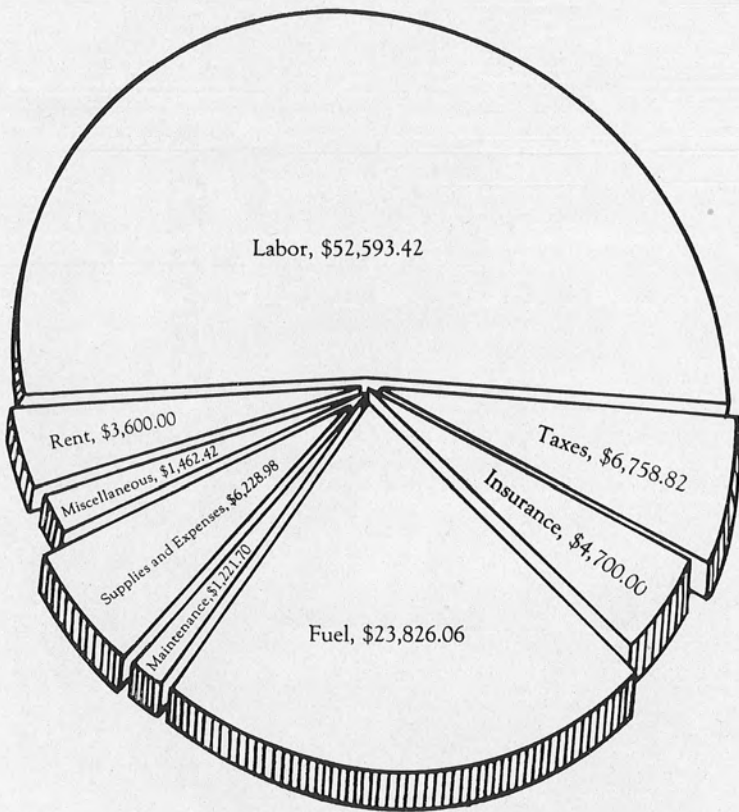
CITY HALL CHRISTMAS LIGHTING.



LINE CREW WITH TWO NEW TRUCKS AND EQUIPMENT.
POWER PLANT IN DISTANCE.



150,000 GALLON FUEL OIL TANK INSTALLATION.
DURING CONSTRUCTION PERIOD.



DOLLAR PRODUCTION COST GRAPH SHOWING
RELATIVE EXPENDITURES.



GRAND HAVEN'S

4th Annual
U. S. Coast Guard
Water Fete

AUGUST 3 AND 4, 1940

Celebrating this year the
150th anniversary
of the U. S. Coast Guard

