



NETWORK of mains brings steam to Manhattan's millions.

The Heat's On in New York

Cold weather, and plenty of wind. That's what the New York Steam Co. likes. And that's one good reason why N. Y. Steam's earnings have not been good in recent years. This week, company executives had another uncomfortable fact to swallow. The New York area had just completed its warmest year since at least 1870.

The company, controlled since 1930 by Consolidated Edison Co. of New York, Inc., supplies steam for power

and heating to over 2,500 Manhattan buildings. Although many large cities in the U. S. and Europe are served by steam companies, N. Y. Steam is the largest in the world.

It has been supplying Manhattan offices, apartment houses, and factories since 1882. It now serves such well-known buildings as Rockefeller Center, the Empire State and Chrysler buildings, the Grand Central group and Pennsylvania station. The company

operates under a perpetual and unrestricted franchise which gives it the right to lay mains and pipes any time in any Manhattan street.

At peak loads, it sends out steam at the rate of 9.2-million lb. an hour. (Peak load comes between 9 and 10 on mornings when the temperature was zero at 6 a.m. This happens only about once a winter in New York.) Its mains serve the parts of Manhattan where big buildings are most heavily concentrated (map). It provides steam to 75% of the space contained in the big buildings along its lines.

• **Heat Headache**—But that hasn't kept N. Y. Steam out of hot water. It has the postwar headache suffered by all public utilities: Rates have been slow in catching up with costs. On top of that, it has had warm winters to contend with. For 17 of the past 20 years, the average Manhattan temperature for the heating season has been above normal. ("Normal" Manhattan temperature, 43.2F, is the average from 1870 to date for the periods January-through-May and October-through-December.) The average temperature for the 1949 heating season was about 48.2F, the warmest New Yorkers have seen in at least 80 years.

The company figures that on its present load basis, it loses \$3,000 for every degree-hour that the temperature is above normal. That mounted into daily losses of \$60,000 or more on some of New York's recent warm days.

Other uncontrollable factors also affect steam sales. More steam may be used for heating on a windy day when the temperature is 30F than on a still day when the mercury is down to 20F. The amount of sunshine also makes a difference. Unfortunately, N. Y. Steam keeps no figures to show whether Manhattan is getting more or less windy, or whether sunshine there is gradually approaching the conditions of Miami.

• **Profit Picture**—The company's earnings record hasn't been rosy in recent years. During the years 1935 through 1947, average annual earnings were \$208,000, while average annual gross revenue was about \$12½-million. That's an average profit margin of 1.7%.

Even so, the parent company, Con Ed (which since 1937 has owned 99.8% of N. Y. Steam's common and preferred stock) probably doesn't regret the purchase. About half the steam which the subsidiary currently uses is a by-product from Con Ed's electric generating plants, so Con Ed is able to spread out its peak load, cut operating costs.

In the early depression years N. Y. Steam did pretty well. Net income rose from \$1.3-million in 1929 to \$2-million in 1931. Gross revenue kept on climbing until 1934, partly because 1934 was an unusually cold year.

Reason for the climb in profits is

are to commercial (40.7% last year) and residential (24.6%) users. Railroads used 13.3% of its steam in 1949, industry 11.9%. Government buildings took 6.4%.

• **Summer Service**—The trend toward skyscraper air conditioning (BW—Jul. 23 '49, p. 26) should help N. Y. Steam's revenues, if New York's water shortage doesn't interfere. Large air-conditioning units use steam turbines, and the company has signed up most of the new buildings along its lines.

Last year the company supplied steam for about 10,000 tons of refrigeration, expects to double its air-conditioning load in the summer of 1950. That would increase its summer steam output from about 1.4-million lb. an hour to 1.6-million. Last summer, the company's output was about 20% of the winter rate.

Since steam-powered air-conditioning units can be put into existing buildings, N. Y. Steam has a huge potential market. The company could sell around 3¼-million lb. of steam an hour for air conditioning alone, if it serviced just one third of the building space it now supplies with heat and other services. That would bring summer sales up to 50% of winter output.

• **Fuel Costs**—The company's steam comes from generating stations spotted through the lower half of Manhattan (map, page 80). Some are its own, others are owned by Con Ed. Major fuel used is coal, although new stations built since the war are equipped to burn oil. Since steam rates are tied (with some time lag) to coal prices, the company has been spared most of the headaches of advancing coal prices.

N. Y. Steam says it probably won't be getting low-cost natural gas very soon, even though Con Ed will be getting it from Transcontinental Gas Pipe Line Corp. early in 1951 (BW—May 28 '49, p. 25). Connecting pipelines would have to be built down from 132nd St. to midtown, probably to Con Ed's Waterside station at 40th St.

SHORT-TERM RATES UP

Despite the general easing of money rates, the average rate of short-term loans of New York City banks has been moving slightly upwards. That's the report of the New York Federal Reserve Bank this week.

During the first half of last month, borrowers of less-than-12-month loans paid Manhattan banks an average rate of 2.3%. That compares with 2.26% during the first half of Sept., 1949.

On loans due more than a year hence, however, the average rate has shown some softening. Borrowers here were charged an average of 2.43% last month, compared with a 2.7% average in early September.