

STATEMENT "A"

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UTAH POWER & LIGHT COMPANY

HISTORY OF ORIGIN AND DEVELOPMENT

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Federal Power Commission Request

Order Dated May 11, 1937

SALT LAKE CITY, UTAH

STEAM HEATING DEPARTMENTReason For Purchase

The steam heating system of Utah Power & Light Company in Salt Lake City was acquired during an era of American business which has since disappeared and under circumstances which at this late date may be hard to understand without a general background of business conditions which then prevailed.

At the time the Company was completing its plans to enter the Salt Lake City field and build up a unified power system in the State of Utah the field was wide open and without state regulation. This was especially true in the steam heating field.

Large combination steam-electric plants were established in the heart of congested business districts to heat business houses and furnish electricity in the immediate vicinity. These customers were large users of electricity and were essential to the utility for profitable operation.

The history of this type of operation had been one of duplication of service and destructive competition. The ultimate losers were the consumer and general public.

This general condition was recognized by the management of Utah Power & Light Company at the time the Salt Lake City area was studied and steam heating became a part of the general plan of integration.

Another factor which influenced the purchase of steam heating property was the fact that many large potential power customers in Salt Lake City were operating their own plants, furnishing their own heat and electricity. In such a scattered territory

every customer counted in profitable operation but to obtain the power business of certain customers the Company had to be in a position to provide heat for their buildings.

This period, too, witnessed the beginning of plans for abatement of the smoke nuisance. The idea of a central heating plant offered one plan to curtail the evil by eliminating many smoke stacks.

Acquisition of Plants

Accordingly, the Company entered the steam heating field in Salt Lake City by purchasing the plant of the Hotel Utah Company on April 1, 1916. This plant was situated in the block west of the Temple grounds at the north end of the business district. It furnished the electric and heating needs of the Hotel Utah, the L. D. S. Temple and Tabernacle and a number of other buildings in that vicinity. A year later, April 1, 1917, the company acquired the Newhouse plant which was supplying heat to about a dozen buildings near Fourth South and Main streets, among which were the Newhouse Hotel, Boston Building, and Newhouse Building. This second plant was located at the southern end of the business district. Half way between the two plants mentioned the company had its West Temple plant which was furnishing some heating in the immediate vicinity.

Expansion Program

With these plants as a nucleus, the company outlined a plan of extension, covering several years, for complete coverage from North Temple Street to Fourth South and from State Street on

the east to West Temple on the west. A plan was prepared outlining the existing system and contemplated extensions and was presented to city officials for approval. A city franchise had been granted a short time previously.

According to the general plan it was decided to install a 20-inch main on South Temple Street and from that line run other lines large enough to heat, eventually, the congested business district. Provision was made for a line on Second South Street, extending east and west, for the purpose of tying together the various north and south feeders for balancing purposes when the distribution system grew to such proportions as to require such a line.

The 1917 program was carried out exactly as planned. The 20-inch line was placed on South Temple Street and a main was run south through two city blocks on the west side of Main Street, in the rear of the buildings. When the work was completed that year the Company was serving 63 buildings from the three plants.

Then came the effects of our entrance into the World War. Business conditions were completely upset and programs were changed almost over night. Prices skyrocketed. Metals of all kinds were taken for war purposes. Men left their jobs for the army training camps, leaving only enough labor for bare operation. The steam heating construction program was stopped and company operations were geared to war time conditions.

Following the conflict, the general situation was one of readjustment. Post-war conditions were chaotic. By the time a semblance of normalcy was regained the picture of steam heating had changed completely. What had been a definite and clear program

just two or three years before became meaningless. Between the time the program was outlined and the immediate post-war period the small stoker had made its appearance, which permitted owners to provide their own heat by utilizing low price coal. Old problems of labor and smoke which faced the private owner were changed. Those who were not already served from the central heating system solved their own heating problems.

Also, in 1917 the Utah Public Utilities Commission was established which altered old methods of utility operation. While the utilities were placed under strict regulation they were also protected from unscrupulous raiding by promoters.

Although the plans for the original program are still in our files, there has been no demand or reason in recent years to complete the project, although it might be well to note that the original plant purchases, plus the extensions thereto, made provision for heating about one-third of the congested section of Salt Lake's business district, as expressed in terms of cubical contents of buildings.