

# The Red, Blue & Green



## A New Beginning

As you have likely seen in the newspaper, we recently decided to give up the search for a new power supplier, for now, and return to our old contract with TVA. For the last three years we have been beating the bushes and battling big companies in an attempt to find a better deal for Glasgow's electric power needs. It was a complicated game of chess we were playing,

against some very powerful opponents. In early January we realized that most of our chess pieces had been taken and we admitted that TVA had us in checkmate. Many of you might be interested in just how this game played out and that is what we will try to explain this month. It is a story of high drama and unbelievable irony.



George W. Norris  
1861-1944

*George Norris was a gentlemanly Senator from Nebraska, who had strong feelings about how government should be used to even the balance between the haves and have-nots.*

First, we need to go back 100 years or so to get all of this in perspective. The history of electric power in our country is not pretty. In the 1800's, as electric power was first being developed as a commercial product, electricity was provided by only a few very wealthy companies that made it available to only the wealthiest customers. It was treated as a plaything of the rich and it was sold

at whatever price that companies, like General Electric, could get people to pay for it. Of course, in the 1800's it was really difficult to keep the benefits of electric motors and lights from being noticed, and desired, by all.

The early power companies worked very hard to keep the underlying technology of electric power production and delivery from falling into the

understanding of the common man. The more they could keep electricity's image as magical and complicated, and only deliverable by those especially endowed by the creator as capable of delivering this magic, then the more they could charge for it! But, by around the turn of the century, the secrets began to leak out. Here and there, an honest businessman or a determined local government figured out how electricity works and they set up a local utility to sell it for only a very small profit. When one of the big companies like General Electric or Westinghouse discovered such an operation, they tried their best to buy it or destroy it, and they were very effective at both.

Advocates for the democratization of electric power started to appear during this period. Folks like Gifford Pinchot and George Norris watched as the big private utilities used "every known method except sky-writing" in their quest to squash competition from publicly owned competition in the electricity business. Pinchot, Teddy Roosevelt's former chief forester and governor of Pennsylvania in the 1920's, described the early private utilities by saying, "Nothing like this gigantic monopoly has ever appeared in the history of the world. Nothing has been imagined before that remotely approaches it in the thoroughgoing, intimate, unceasing control it may exercise over the daily life of every human being within the web of its wires."

George Norris was a gentlemanly Senator from Nebraska, who had strong feelings about how government should be used to even the balance between the haves and have-nots. "As a boy," he said, "I saw with my own eyes the struggles of a democracy where the first problem is not the protection of the strong and the powerful, but instead, encouragement and inspiration for the weak and the unfortunate." When he looked out upon our country in the 1920's and 1930's, he saw, in the situation with electric power, an opportunity to put his beliefs into action.

Even for those days, Norris was an unusually active and passionate Senator. To fully understand the

disparity in rates between publicly owned utilities and private ones, he actually traveled to farms and homes served by Canada's Hydro-Electric Power Commission in Ontario. He talked to homeowners and farmers and got copies of their electric bills. He found that electricity bills for equivalent amounts of energy from US companies was about *six times* more expensive than in Canada. He even discovered that the cost for lighting the Canadian side of the International Bridge at Niagara Falls was \$43.10 on the US side and \$8.43 on the Canadian side, for the identical number of lights. This trip was largely responsible for setting him off on the mission to develop publicly owned electric power systems in the US. The idea for creating the Tennessee Valley Authority was born in those homes and farms he visited in Canada.



The creation of TVA, a federal utility designed to democratize electric power and bring competition to the most powerful corporations in the nation, was not an easy task. Norris' idea failed many times before the election of Franklin D. Roosevelt, and the coming of the Great Depression provided the atmosphere that allowed the idea to become reality in April 1933. One of the most ironic elements of the creation of TVA, contrasted with our recent history here in Glasgow, is that Norris often related the story of Wilson Dam as a reason for creating TVA and the publicly owned transmission lines in the region. Wilson Dam at Muscle Shoals began producing power in 1925. Because a private company, Alabama Power Company, owned the only transmission line from the dam, the government had no alternative but to sell the power produced at the dam, to the private utility at the ridiculously low price of two-tenths of a cent per kilowatt-hour. The power company, meanwhile, sold that same energy to residents of Florence, Alabama, within sight of the dam, for ten cents per kilowatt-hour, or *50 times* the company's cost! This story had everything to do with Norris finally gaining the votes to create TVA and the corresponding publicly owned transmission lines that went with it. Unfortunately, TVA's leadership of the recent past did not consider TVA's transmission lines as public property. Therein lies the difference between today's TVA and Norris' dream.

In 2003 the EPB decided that, after more than 40 years of buying electricity from TVA, it wanted to purchase power from a competitor at a lower cost. We gave TVA the notice, required in our contract, that we would leave after the required five years. They responded by saying that would be fine but we could not use the transmission lines that presently serve Glasgow after the five years. Imagine that you had bought gasoline from the same station for 40 years, and then you noticed a sign down the street offering a much better price. Then imagine the station you had been buying from telling you that you cannot drive your car down the street to buy from the new vendor because they own all the streets! That is how we feel. We have been paying for the power and the imbedded cost of the streets for more than 40 years. We know that TVA was designed and created to help everyone in the region procure lower cost power through publicly owned facilities. Therefore we are perplexed at how they could possibly act like a private monopolistic power company of the 1920's here in 2006. However, there is a new hope. Recent pronouncements by TVA's management team give us hope that they will soon offer new wholesale rate options and formats that will allow us to exploit the telecommunications and electric metering technology that we have been installing for the last twenty years. It seems that TVA is finally realizing that the supply of energy is not infinite and that there are compelling reasons to give us all incentives to use energy more efficiently. This is our hope for the future

George Norris died in 1944, long before TVA turned away from his original vision. He is buried near his home in McCook, Nebraska. I have not been to the grave, but I am betting he has been regularly spinning over in it as his soul has been tormented by the actions of TVA over the last several years. Perhaps the new direction of TVA, as outlined by their recent announcements, will give the people of Glasgow, and George Norris' soul, peace and prosperity over the next several years.

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