

Governor Harry H. Woodring, Correspondence Files, Box 19

Section 16, Pages 451 - 480

These folders contain correspondence subject files with Governor Harry Woodring. Subjects covered are financial aid requests, foreign affairs, governor's messages, and interstate commerce.

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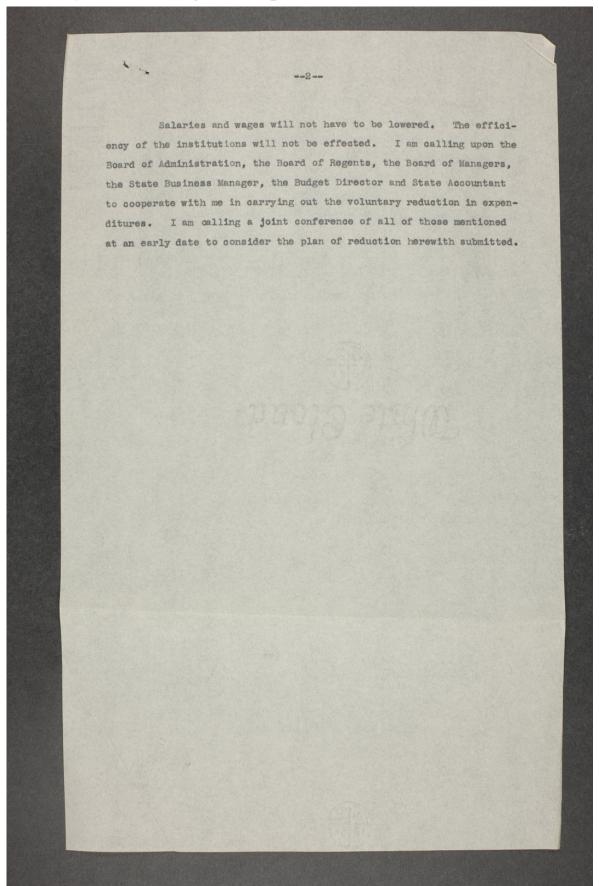
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Governor Harry H. Woodring, Correspondence Files, Box 19

Kansas faces another unfortunate situation - the natural result of low farm prices.

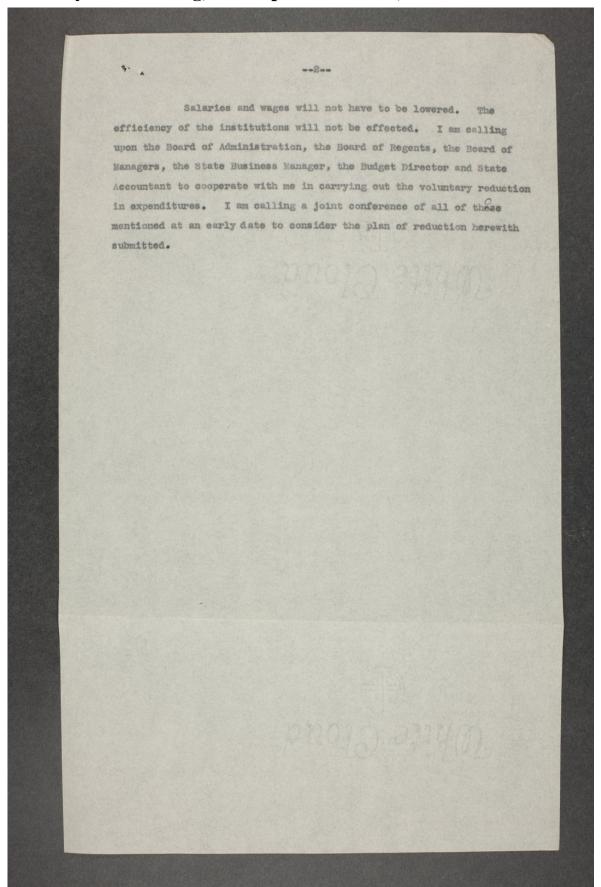
The lowest prices in many years for farm products in this agricultural state and the prices for crude oil and other commodities produced in Kansas has struck a blow to the assessed valuations of all personal property in Kansas. As a result our not aggregate assessed valuations of all property for tax purposes in Kansas shows this year a decrease of over 250 million dollars. This decrease of values, figuring the same state levy rate as last year 1.43 mills, means a loss of over \$450,000 in tax revenues for state purposes. The legislature meeting early this year made appropriations based on a budget prepared with prices and values of November, 1930.

But today prices have declined. The farmer, instead of gathing 60 cents for his wheat as estimated at the time the legislature was making its appropriations, finds himself receiving less than half that price or 25 to 30 cents per bushel and other prices in comparison. The economic situation has effected all business interests, the merchants, the railroads, the laborer, all corporate interests and all citizens of Kansas.

An economic emergency exists. The taxpayer will find it harder in December this year to raise and pay his taxes than at any time in almost forty years. As Governor, I must take cognizance of this crisis and insist that the state tax rate not be raised even though our valuations have decreased 250 millions of dollars. I am asking the state levy be maintained at 1.43 mills. However, to do this we must cut all state expenses below the appropriations made by the legislature. Business is faced with the same emergency and is reducing expenditures. Every business house is shaving every possible item of expense in an effort not to cut salaries or add to unemployment. It is the duty of those handling public funds to cut the same

The state government must do likewise, cutting out all unnecessary expenditures of items that can be delayed and reducing costs of maintenance and supplies. These reductions can be made if all institutions and departments will voluntarily work for strict economy. We have carefully gone into each and every fund and know where the saving can be effected.







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The main object of my eastern trip was to have a personal conference with Henry L. Doherty concerning the gas rate situation in our territory served by the Cities Service subsidiaries. The conference was a part of negotiations which have been under way since a few weeks after my inauguration.

During the campaign, in which I visited 94 counties in Kansas, I came to know and realize the popular revolt against excessive domestic gas rates. Immediately after taking office, with this in mind, I initiated a legislative program which had as its objective giving the state the means and power to make a determined fight for rate revision and to give the present Public Service Commission increased power to continue its valuable and splendid service to the Kansas people. At the same time we were preparing to fight, I started negotiations which had as their objective a peaceful settlement. As a business man, I have always preferred negotiation to litigation. I also have found that the average business man will be reasonable in a controversy if he finds he has the wrong view of the situation. In our last legislative session we appropriated \$100,000 to the Public Service Commission to carry on a determined fight for lower gas rates, but I desired, if at all possible, to save this money for the tax payers of Kansas. So I speeded up the negotiations by asking the Doherty interests to send an authorized representative to Topeka to discuss with me the gas rate situation. This was done and negotiations followed which made advisable my trip East for a conference with Mr. Doherty. In this conference in Washington, D. C., on Friday, I presented our case to Mr. Doherty and our tentative proposition for the settlement of this controversy. I pointed out to him the inequalities of the gas rate structure in this territory and emphasized the necessity of an immediate decrease in rates in line with general price reductions. I also made it plain that the people of Kansas have been forced to accept reduced prices for their products; that their income was decreased and that public opinion would not tolerate continued high prices for the commodities they had to purchase, including natural gas.

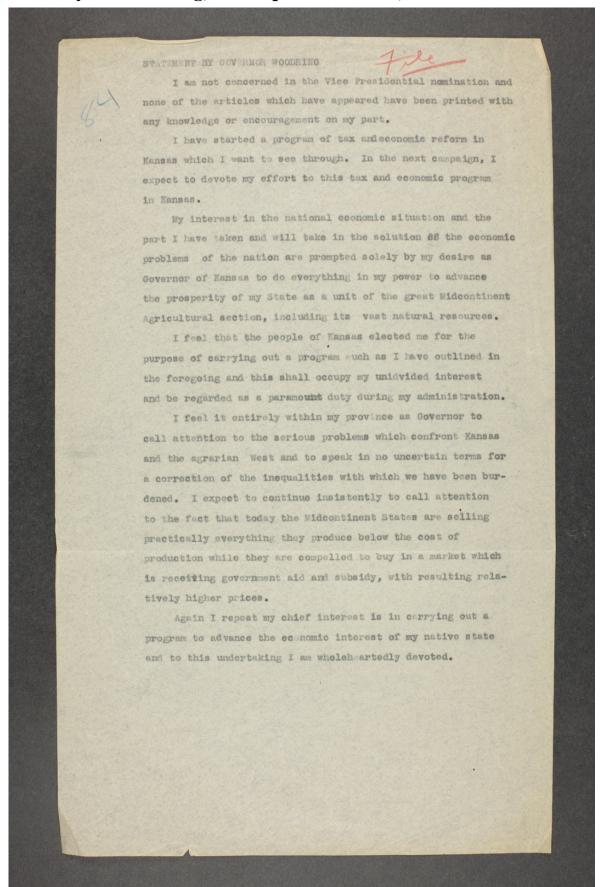
I emphasized the fact that Kansas would continue the fight



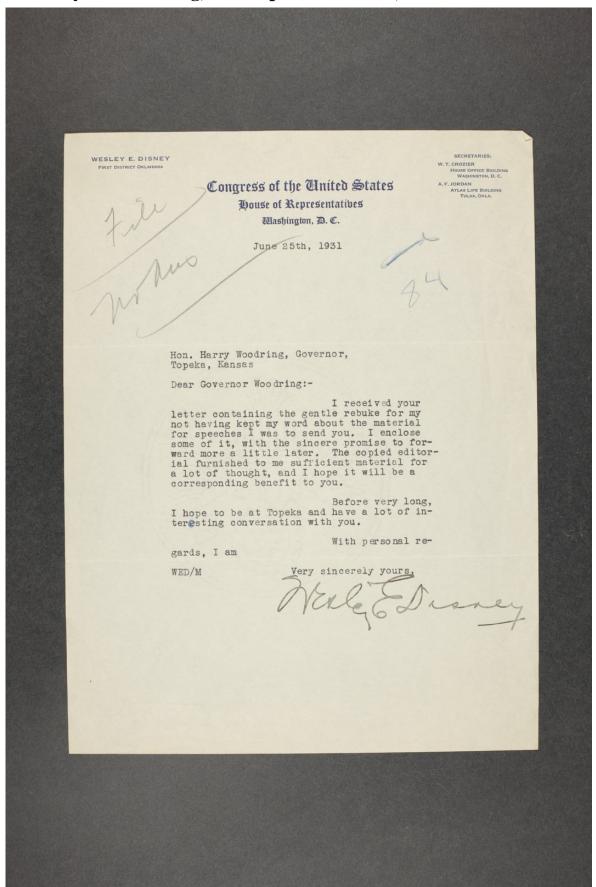
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for lower rates with all the resources of the state and with all the power of an aroused public opinion to a final, successful conclusion. and that an immediate voluntary reduction would be more conducive to the prosperity and good will of his companies than a reduction forced by a long legal and legislative battle. I was very much pleased by our reception and by the attitude of Mr. Doherty. He is personally very human and likeable and convinced me that he wished to have the good will of the Kansas people. He stated that he had been kept very busy with the critical condition of the oil industry and general economical conditions, and that he had not give n the gas situation in Kansas his personal attention. He expressed concern at the picture which I presented and promised to give the proposition his immediate attention. He expressed the opinion and the hope that we could me gotiate a settlement of this controversy along the lines I suggested which would satisfy the people in the territory his companies serve. As a result of the conference, I am hopeful that the gas rate controversy in our territory may soon be settled and the \$100,000 appropriation saved the taxpayers of Kansas.











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July 29, 1931

An additional response to the desire of the Public Service Commission and myself for reduction of utility rates has come today from the Nathan L. Jones interests of Salina. The particulars are related in the statement given below.

Harry H. Woodring Governor

"Additional reductions in utility rates in Kansas have been secured as a result of negotiations between the Public Service Commission and the Western Light and Power Corporation and Western Natural Gas Co., both of Salina.

"Recent conferences crystallized today in the presentation of a new schedule which reduces electric rates in 42 cities and towns in Kansas, and gas rates in several others. Under the electric rate schedule, the maximum rate will be 10 cents per kilowatt hour, as compared with existing rates as high as 15 cents in some instances. In some of the larger towns, the rate will scale down as low as 4 cents. Reductions will average 11 to 18 per cent.

"The small consumer will be benefitted as well as the larger user, in every instance, the saving varying from 25 cents per month up, depending on the amount of energy used.

"Only a few cities are affected by the new gas rates introduced. Wherever a service charge has prevailed, this charge is being eliminated. In ho instance will the minimum charge exceed \$1.00, whereas in some instances the minimum has been \$1.50 and \$2.00 per month. Caldwell, which is served by the Western Natural Gas Co., already enjoys a rate below the usual rate for cities of that size. Anthony rates are not affected because the Western is paying 40 cents at the city gate for gas purchased from a pipe line, and this does not permit of a reduction.

"We feel gratified with the splendid response and cooperation received from Nathan L. Jones in behalf of the Salina companies. The new rates, going into effect in September, will benefit thousands of citizens while not impairing the worth of the investment in these properties".



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At the instance of independent oil interests and because of the threat of opening up the field further, the Public Service Commission today took steps to shut down all production in the Ritz-Canton field. Following a conference between Governor Harry H. Woodring and Thurman Hill of the Public Service Commission, Governor Woodring issued the following statement: " I am in full accord with the efforts made by Governor Murray of Oklahoma and Governor Sterling of Texas to force the price of oil to \$1.00 per barrel which I consider the minimum price it should bring considering the domestic supply and demand. We are taking this action in order not to jeopardize the Midcontinent situation."



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A reduction in electric rates for 42 towns in Kansas was announced today by the Western Light & Power Corporation, through Nathan L. Jones, of Salina, President of the company, who conferred with Governor Harry H. Woodring and the Public Service Commission regarding the matter. The towns to be benefitted are:

Alexander Nashville Danville Drury Zenda Freeport Norwich Hardtner Penalosa Bluff City Perth Brownell Hunnewell Pretty Prairie Caldwell Sawyer McCracken Cunningham Medicine Lodge Clayton Coldwater Milan Spivey Utica Conway Springs

The rates will apply beginning with September meter readings, according to Mr. Jones, and will benefit the small consumer and laboring man principally.

Under the new rate schedule, the highest rate to apply anywhere on the company's system in Kansas is to be ten cents per kilowatt hour. This means a reduction of from one to five cents, in some instances, on the base rate, and when the change becomes effective, the rates will be practically standardized in the 43 communities served at retail in Kansas.

"In accordance with the desire of Governor Woodring and the Public Service Commission to bring about utility rate reductions wherever possible in keeping with present conditions", said Mr.Jones, "we have just completed an analysis of our electric rates and the probable effect upon our revenues of various reduced rate schedules.

"In a situation of this kind", continued Mr. Jones, "We must of course consider not only our consumer patrons, but also our investors who hold securities of the holding company, Western Power Light & Telephone Company. We cannot ignore the matter of dividends due them upon their investment, for that would impair the flow of new capital which is so necessary to the constant growth of the utility industry. With the industry devoting much thought to farm electrification, and the rapid adoption of such energy for



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farm usage, vast sums of new money will be required to furnish adequate transmission facilities and generating capacity. Money goes freely only where there is reasonable assurance of dividends. Such dividends can properly come only out of earnings. Our job is to furnish the best service we can at lowest rates consistent with fair and reasonable earnings."

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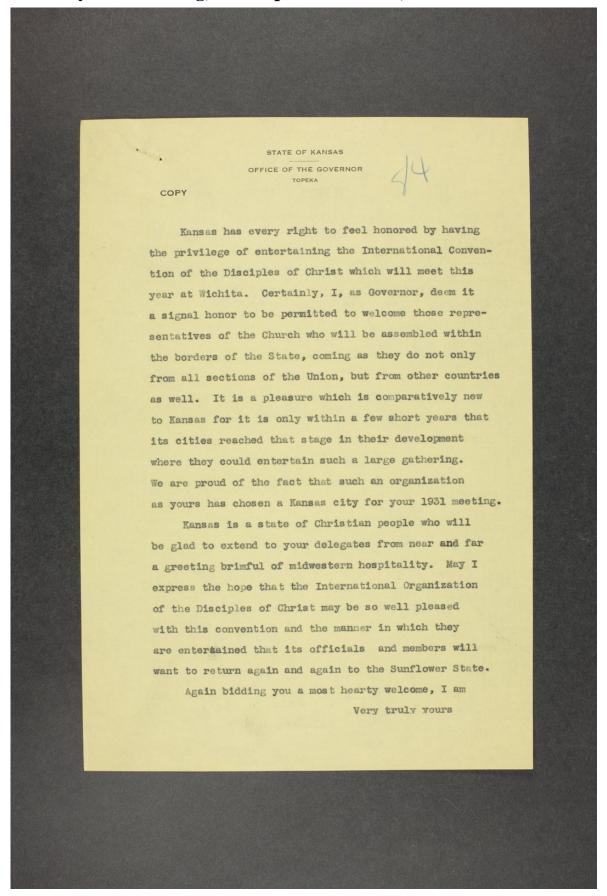
"The constructive way in which the Governor and the Public Service Commission have conducted themselves and the negotiations relative to our rate matters, have created in us a feeling of business confidence toward them. Our negotiations have culminated in our going all the way in the matter of reducing rates to the lowest level consistent with good service and a reasonable return on the capital invested, so that our thousands of investors are protected and will receive regularly the proper hire for the use of their money."

"The fact that our State officials do meet with us on a clean cut business basis and the great results recently obtained by the State wide reductions in rates being made without delay or long drawn out hearings to be paid for by taxpayers should be evidence that the best results are obtained by business methods and confidence."

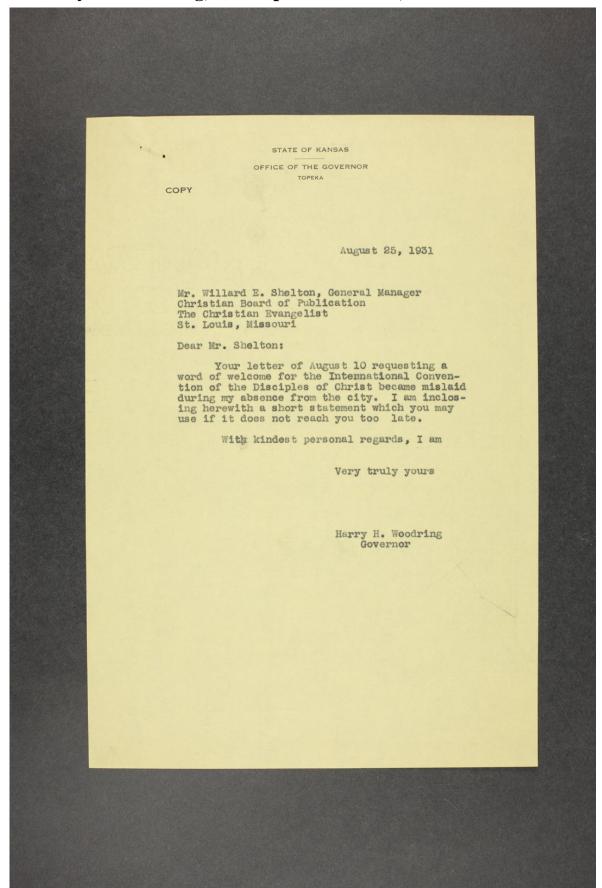
"I think it should be a matter of satisfaction to thousands of people who have investments in Kansas utilities to know that their business is being regulated with careful thought and business judgement and that the management of the utilities are able to meet the demand for lower rates.

"Gas consumers in several cities and towns served by
us are also to receive benefits through elimination of all
service charges or reductions of the monthly minimum, in accordance with the wishes of state authorities, in all towns where the
minimum exceeds \$1.00 per month."

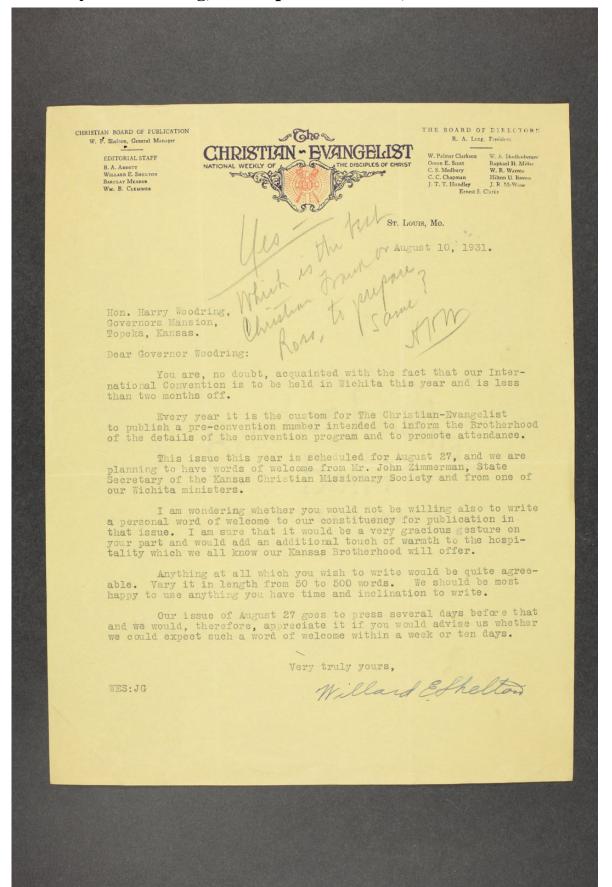




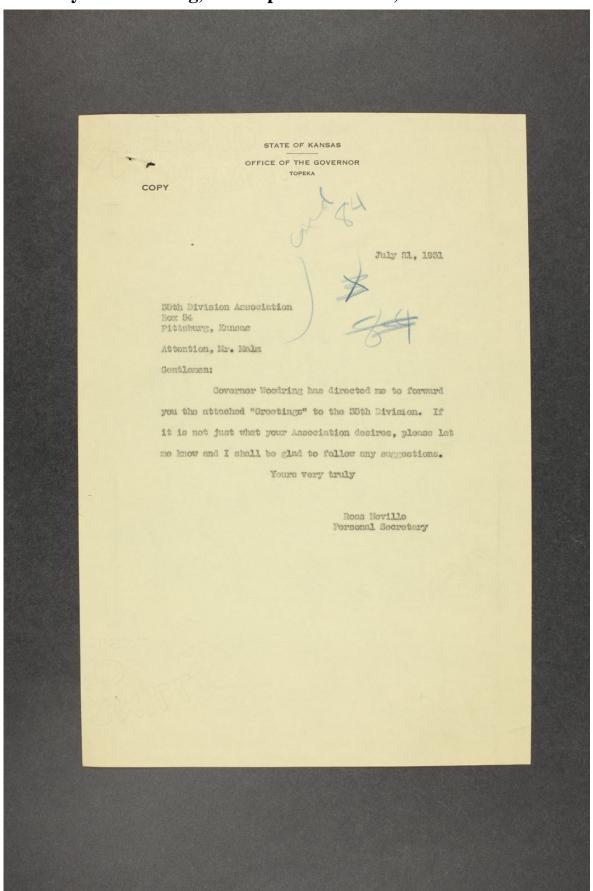




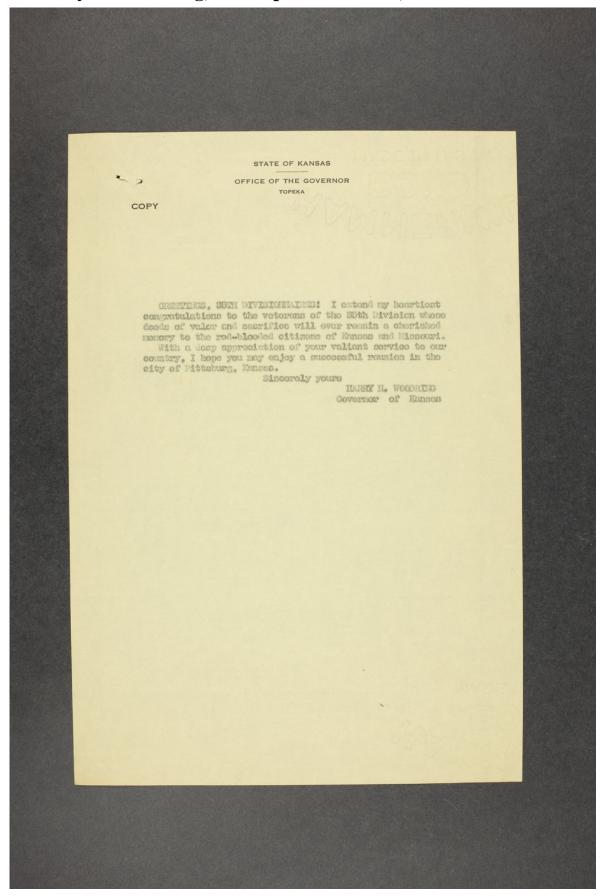




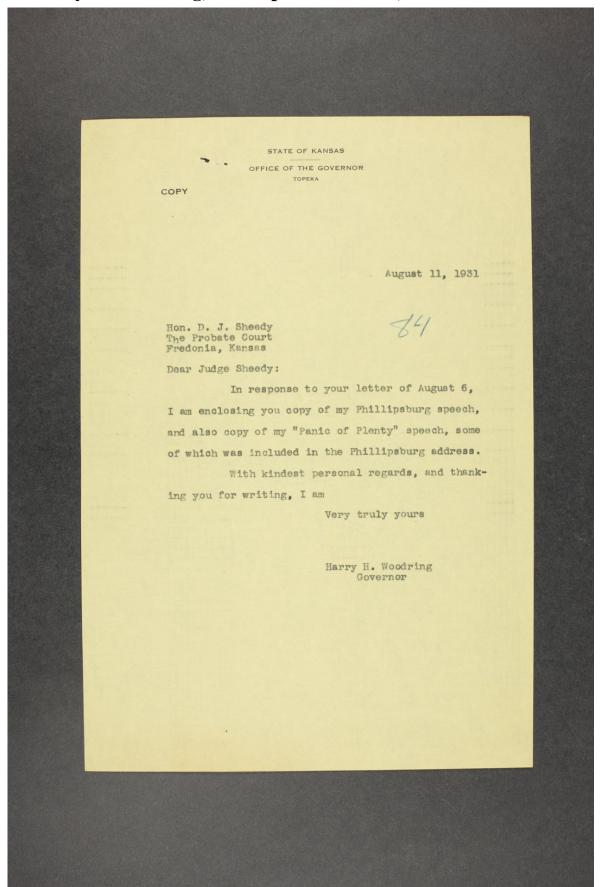




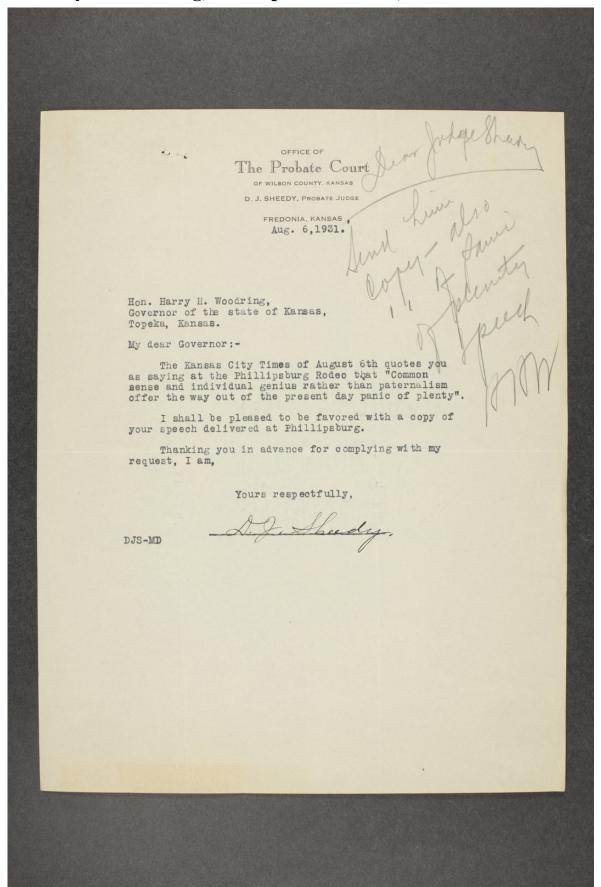




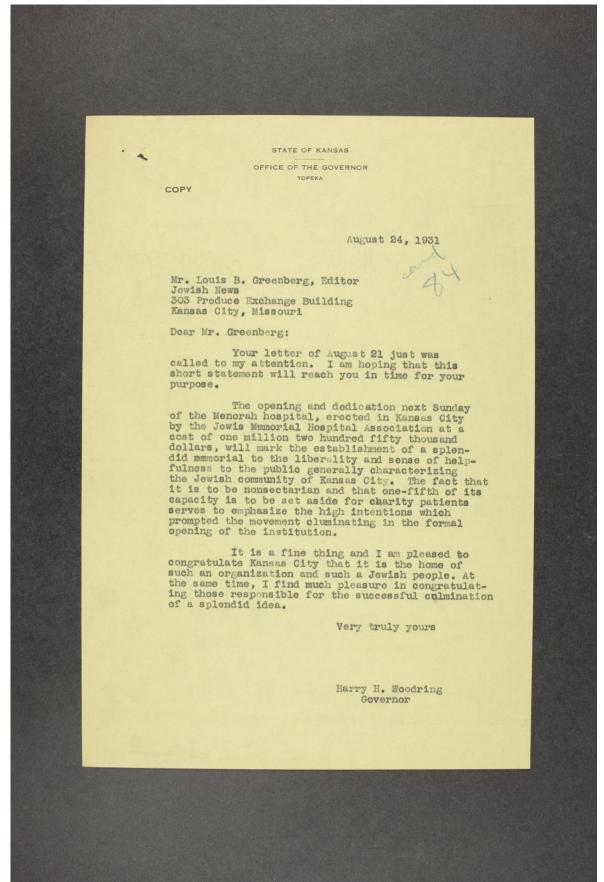




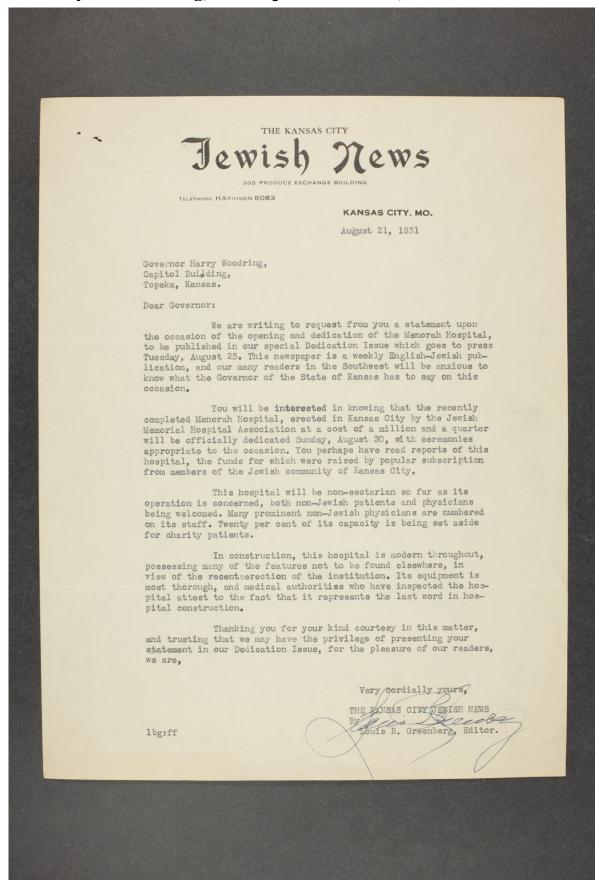




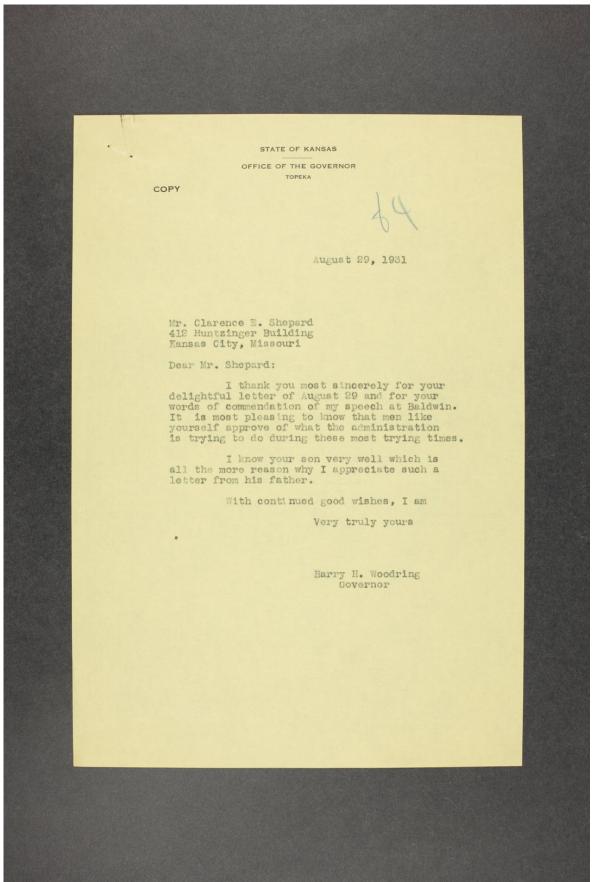




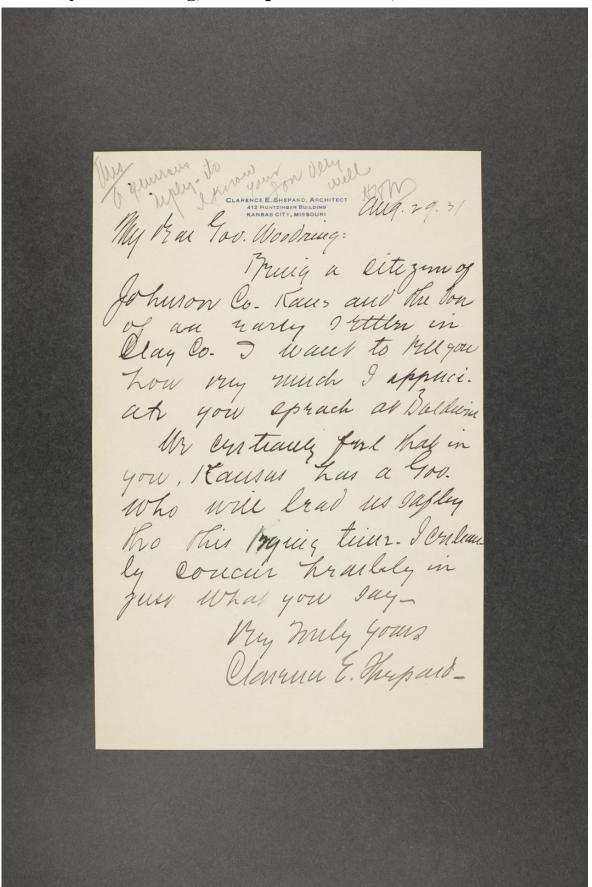




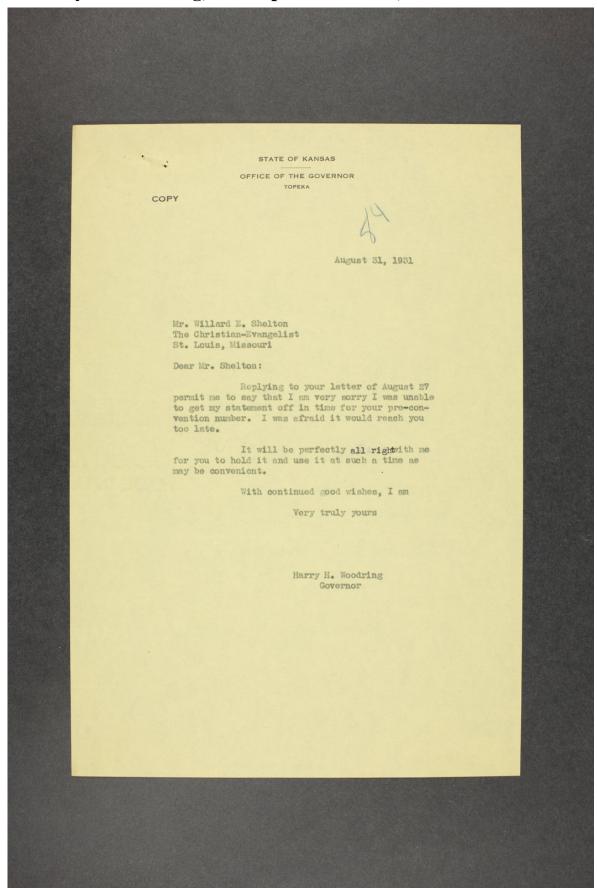




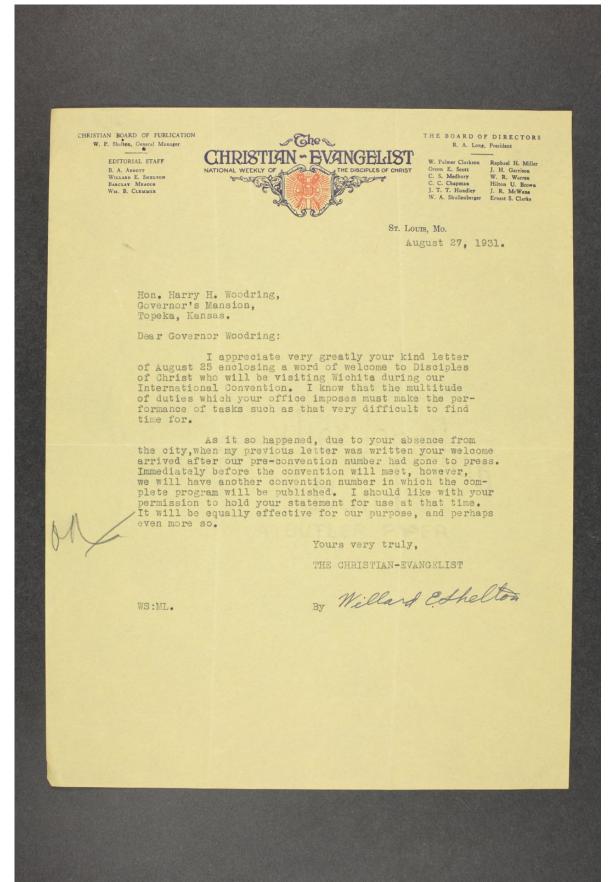




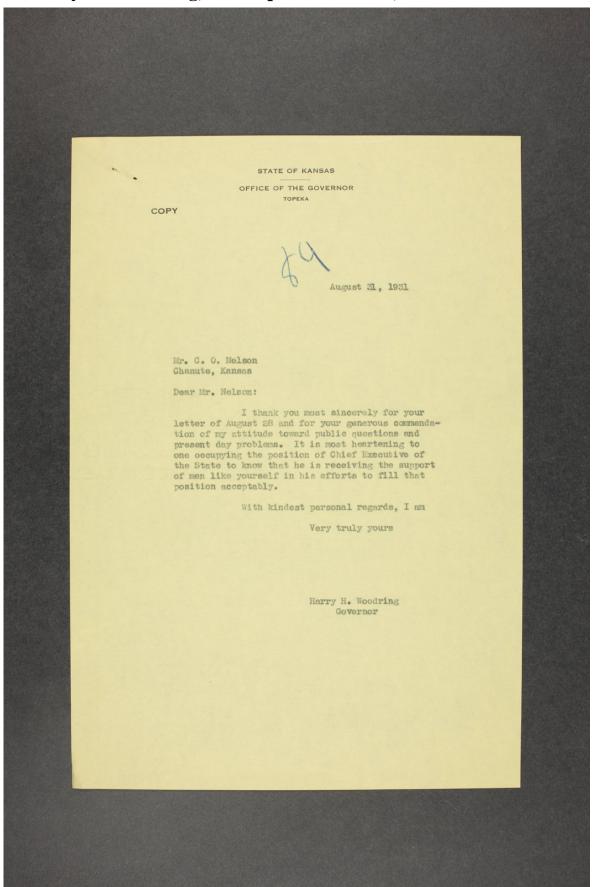




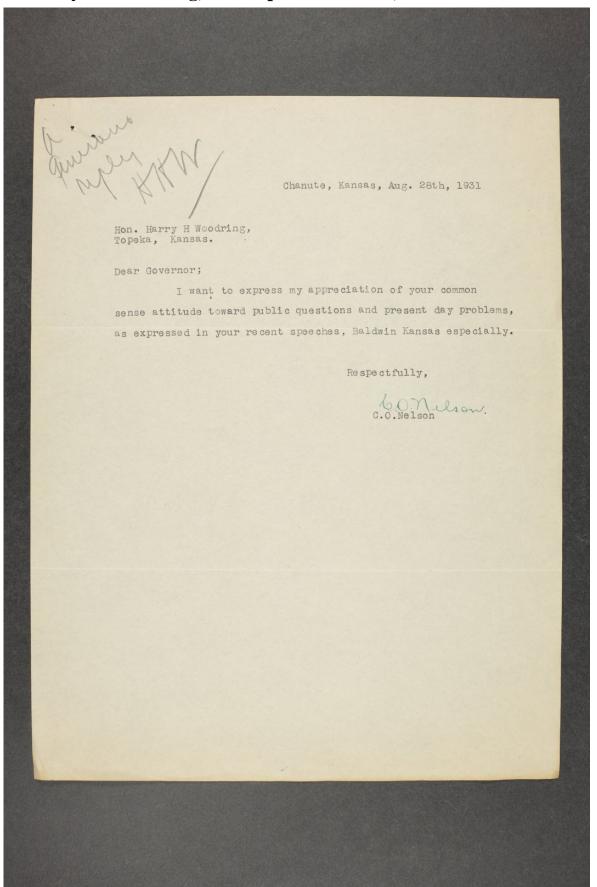




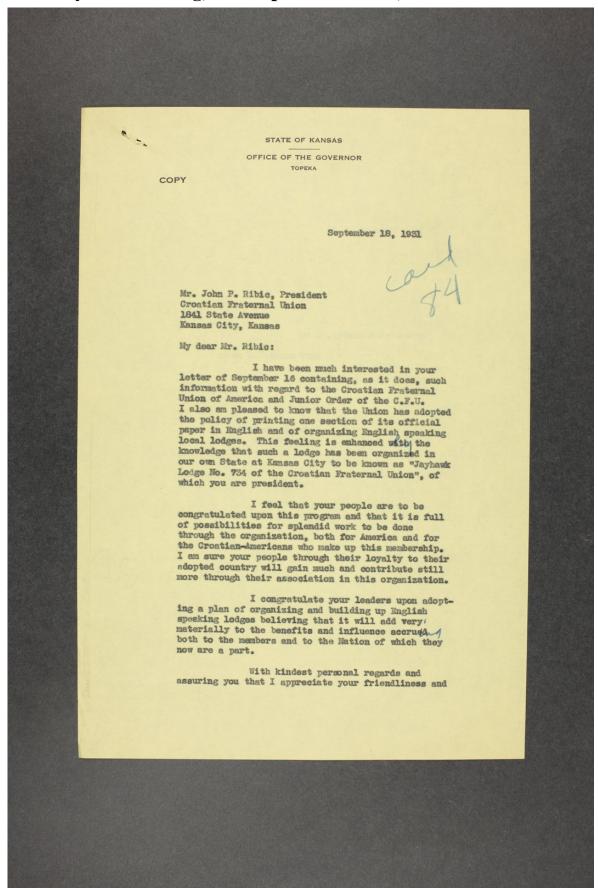




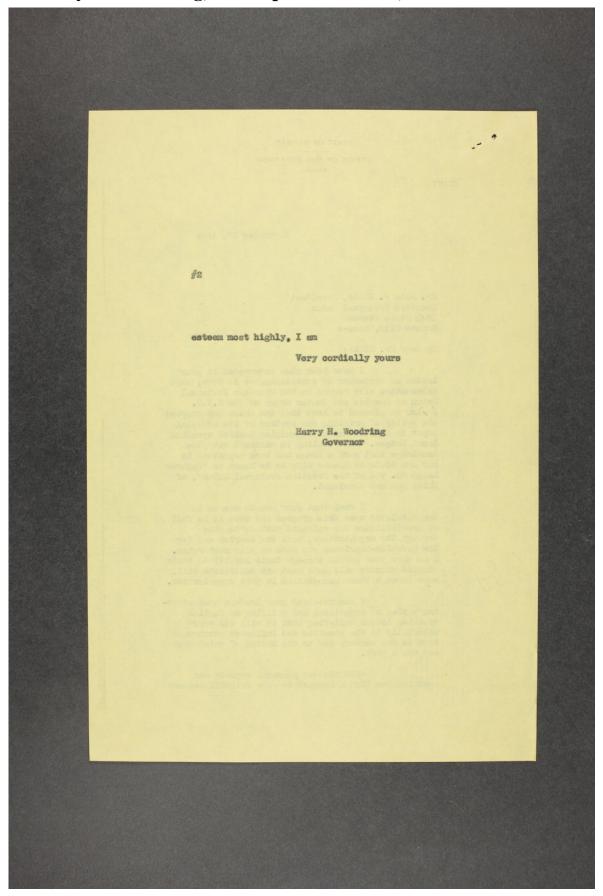




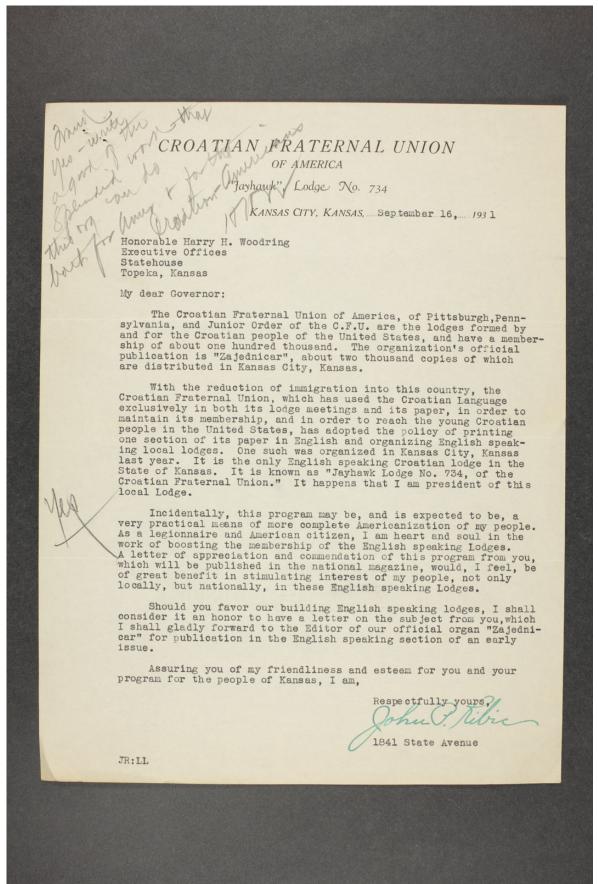














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STATEMENT OF GOVERNOR HARRY H. WOODRING ON THE TRI-STATE

I am delighted with the success of the Tri-State Oil Conference held in Austin. I am joining Governor Sterling of Texas and Governor Murray of Oklahoma in my approval of the united efforts of the Mid-continent States in their appeal to Washington to order curtailment of foreign oil importations to back up the conservation efforts of the large oil producing states.

I am in receipt today of word from Governor Seligman of New Mexico informing me the President wires him that the appeal of the Independent Oil Producers Association for federal curtailment of imports has been laid before the Tariff Commission. This is a distinct concession from the former attitude of the administration, inasmuch as those in power previously have been more concerned, apparently, in the welfare of the oil industry of Veneguela than for American independent operators.

The Midcontinent oil producing States have been unable to reconcile the request of the President's Conservation Board to curtail and shut in American oil production and at the same time permit daily increasing imports from foreign countries.

Our Tri-State Committee left Saturday night from Austin, Texas, for Washington to urge help and sid from the Administration through Secretary Lamont. The committee will request the administration to back up the oil producing states in an effort to save a great natural resource, and one of the greatest industries of the nation, --oil.

Now is the time the Federal/can sid and cooperate most effectively.

The Mid-Continent oil producing states challenge the double standard policy of any administration, that champions protection and high tariff, for the products of the Mastern and Atlantic seaboard states and donies that same policy and protection for the products of the Middle West. Hegardless of partisan politics, that plan no longer will be tolerated by our people of this section.

I hope the oil producing states will continue to demand more concern for the American oil industry, including the millions of men employed thereby, and less for that of Venezuela.

(Thurman Hill, member of the Public Service Commission, is a member of the Committee.)