

FOR RELEASE: Friday p.m., October 30, 1964.

GAS CONSUMERS BENEFIT FROM FURTHER
RATE REDUCTIONS AND REFUNDS

Through joint efforts of the gas companies, their supplier and the North Carolina Utilities Commission, many of the approximately 163,200 gas consumers served by natural gas utilities in North Carolina will soon begin paying lower rates for the natural gas they use.

Rate reductions and refunds totaling \$848,592 have been authorized by the North Carolina Utilities Commission for five of the seven major North Carolina natural gas companies.

These rate reductions and refunds result from four factors:

1. Refunds by supplier to the natural gas distributors for price reductions in prior years due to settlements of producer rate cases.
2. Lower cost to distributor from supplier because of lower producer rates for current and future gas deliveries. This reduction includes effects of the Federal income tax reduction of the supplier as well as lower cost of the gas itself.
3. Federal income tax reductions recently enacted by Congress.
4. Adjustments downward in revenue requirements in conformity with the Utilities Commission's policy of maintaining reasonable rates of return.

The Commission has consistently subscribed to the policy of passing lower supplier prices on to the consumer. The

enactment in early 1964 of the reduction in Federal income taxes from a rate of 52% to 48% over the two years 1964 and 1965 provided another opportunity to lower rates to the consuming public. The natural gas companies have been very cooperative in carrying out the Commission's policy of passing these savings on to the consumer in all cases where this course of action appeared appropriate. Approximately \$223,000 or 27-1/2% of the present rate reductions and refunds come from the Federal income tax reduction of 2% for the year beginning January 1965.

A policy by the Commission requesting utilities to keep their rates of return within reasonable limits leads to rate reductions. About 8-1/2% of this natural gas rate reduction results from the execution of this policy. Refunds and reductions in purchase gas costs account for the remaining 64%.

These rate reductions added to those authorized in April and May 1964 apply differently to customers of each utility involved, but in the main they apply principally to residential customers. Because each customer uses varying amounts of this fuel, no specific savings are projected. However, it is estimated that the average residential customer may realize from 5% to 10% in annual savings. All companies involved will have made their lower rates effective by January 1, 1965.

