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The Public Service Company of New Mexico: An Analytical Study

Elmer Harvey

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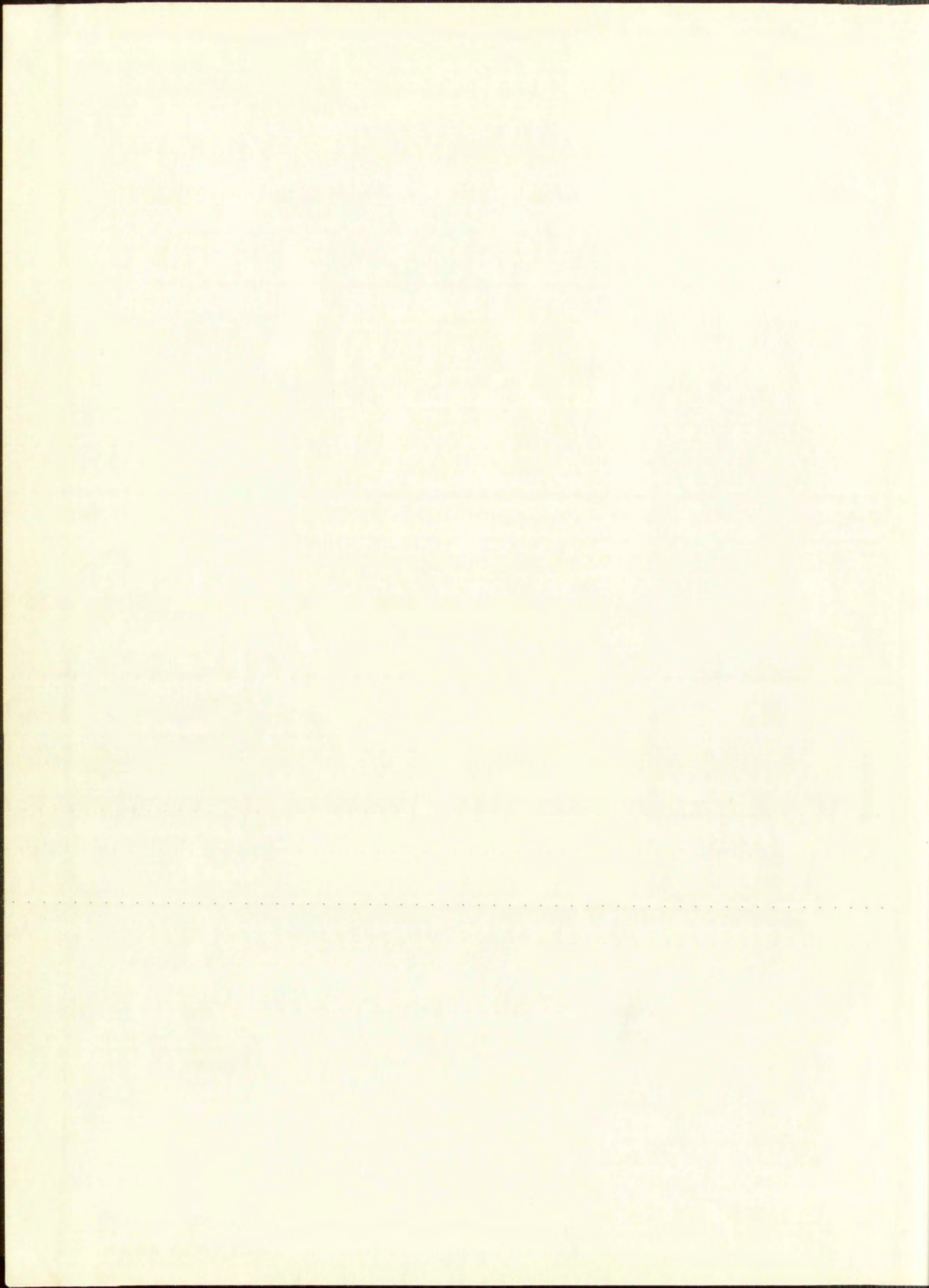


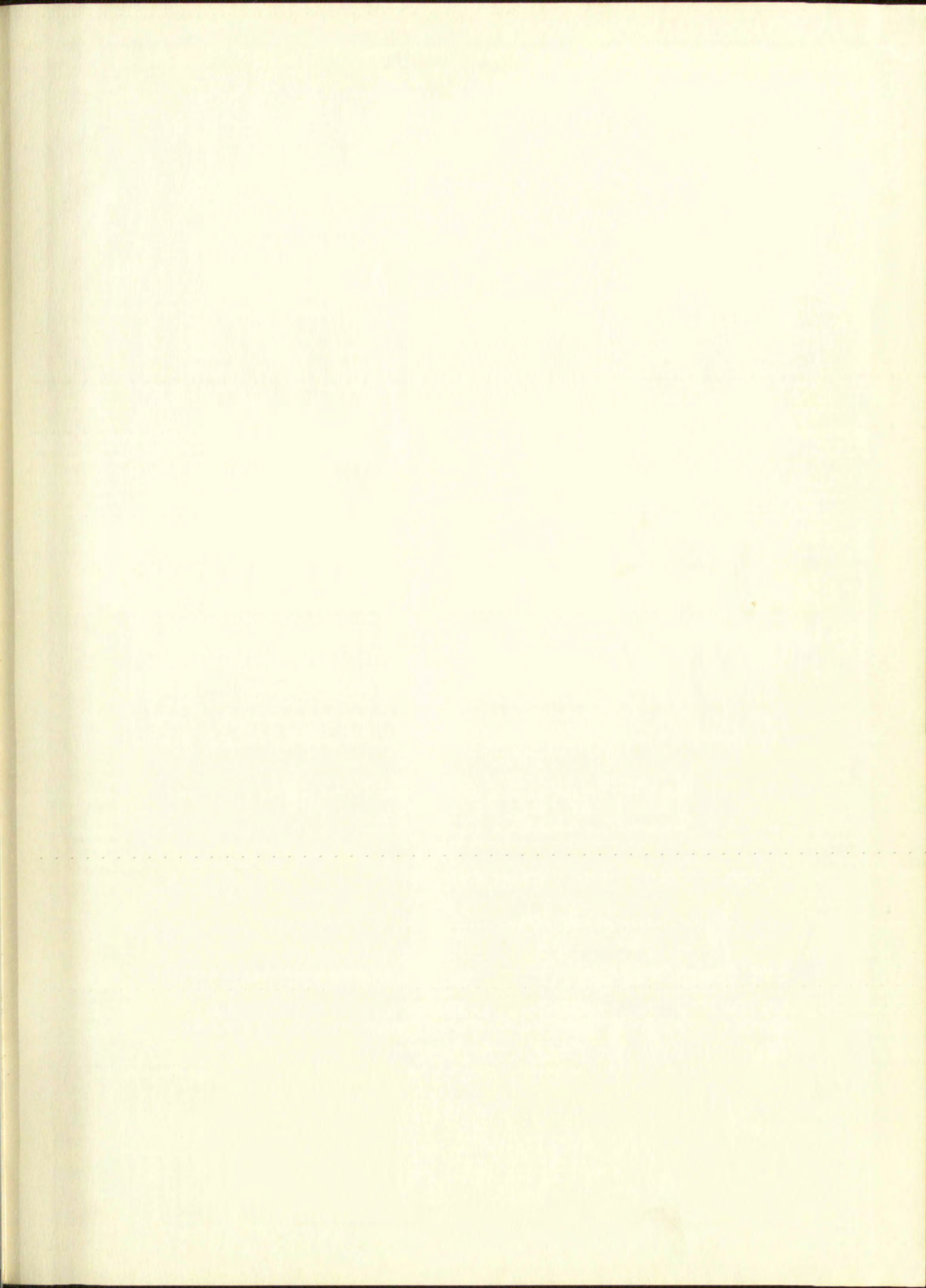
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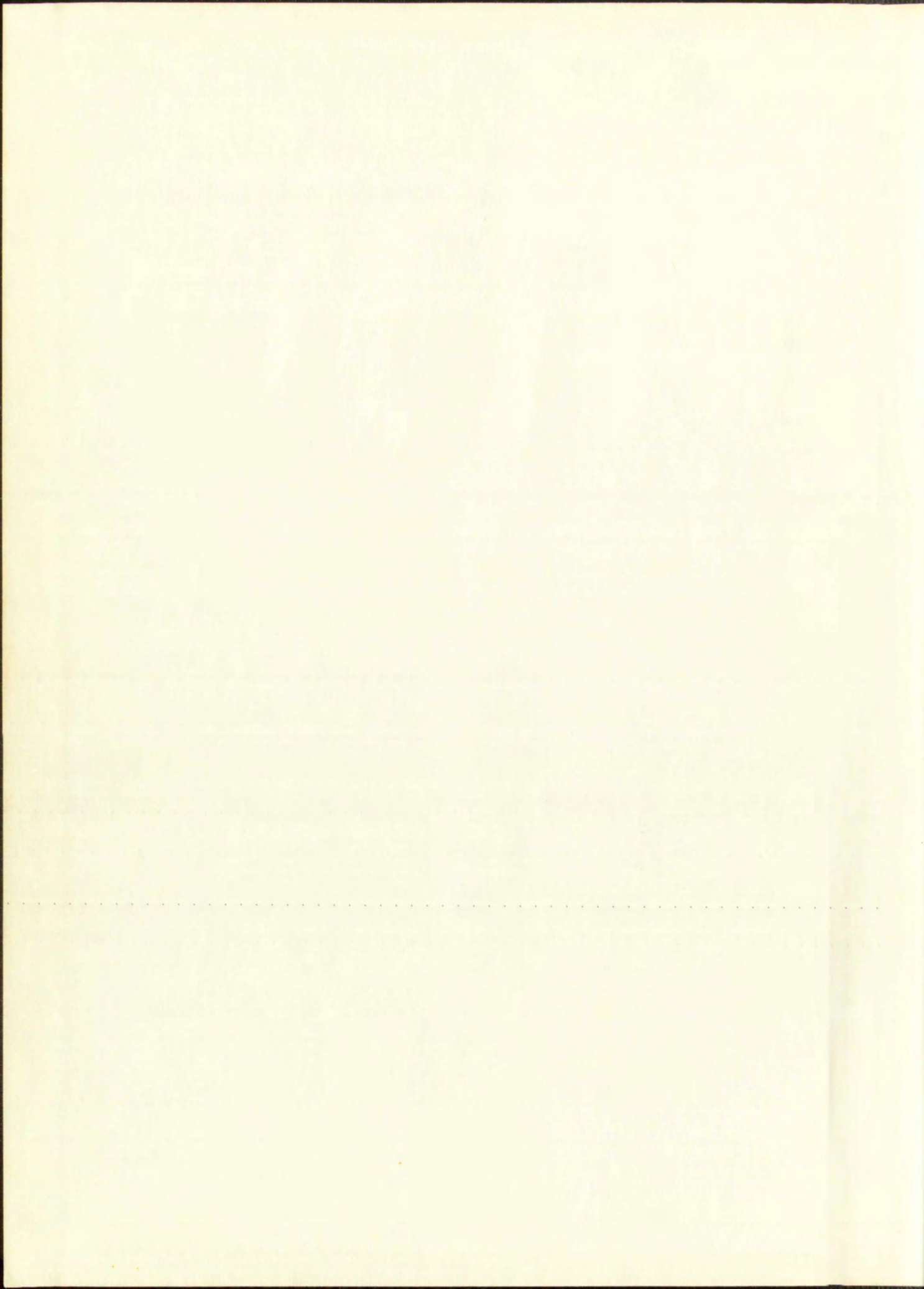
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DATE

UNIVERSITY OF NEW MEXICO
COLLEGE OF BUSINESS ADMINISTRATION

Thesis

THE PUBLIC SERVICE COMPANY OF NEW MEXICO
AN ANALYTICAL STUDY

Submitted by

Elmer Harvey

In Partial Fulfillment of Requirements for the
Degree of Master of Business Administration

1959

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This thesis, directed and approved by the candidate's committee, has been accepted by the Graduate Committee of the University of New Mexico in partial fulfillment of the requirements for the degree of

MASTER
OF
BUSINESS ADMINISTRATION

E. Castetter
Dean

Date November 11, 1960

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CHAPTER I

THE PURPOSE OF THIS STUDY

There is a dual purpose for this study: first to determine and describe the organization and administration of the Public Service Company of New Mexico and secondly to evaluate the policies resultant from its organization and administration.

Organization of the study.-- This study contains essential table of contents and bibliography. The text is divided into eight chapters. The first chapter is an introduction and statement of the problem. The next six chapters cover areas necessary to answer the problem. The last chapter contains the conclusions. There is an appendix which contains the following: A. Glossary of Electric Terms, B. Officers and Directors, C. Organization Chart, D. Union Agreement, and E. Employee Service Rating Form. The reader should occasionally refer to this appendix.

The formula.-- The writer's responsibility has been to acquire a firm knowledge of the Public Service Company of New Mexico, with particular emphasis on its organization, management and administration. Information has been gathered

CHAPTER I

THE PURPOSE OF THE STUDY

There is a need for a study to determine and describe the organization and administration of the Public Service Company of New Mexico and to evaluate the policies resulting from its organization and administration.

Organization of the study.—This study contains

essential table of contents and bibliography. The study is divided into eight chapters. The first chapter is an introduction and statement of the problem. The second and third chapters cover respectively the historical and the present status of the company. The fourth chapter contains the conclusions. The fifth chapter contains the following: A. History of the company; B. Officers and Directors; C. Organization Chart; D. Financial Statement; and E. Employee Service Rating Form. The study should occasionally refer to this report.

The formula.—The writer's responsibility is to

acquire a firm knowledge of the Public Service Company of New Mexico, with particular emphasis on its organization, management and administration. Information obtained from

from existing data and administrative records of the Public Service Company, research sources and personal observation and interview. A list of all information sources is given in the bibliography.

As a utility, the Public Service Company has characteristics which are distinct from those of most private enterprise. It has been deemed essential that these distinctions be defined in order that the title subject be recognized in its correct status. From time to time, therefore, the representative views of selected scholars have been included to define and illustrate the characteristics peculiar to a utility.

An investigative study has been made of the regulatory media which are designed to equalize the bargaining process and to lessen the differences between a utility and normal private enterprise.^{1/} A report of this study has been included to acquaint the reader with a summary insight into the cause for certain observations and conclusions.

It is appropriate here to express sincere appreciation to Mr. D. W. Reeves, President of the Public Service Company of New Mexico, for voluntarily making information available which is normally restricted to the management of the company.

The answer.-- The effectiveness of the organization and management policies has been appraised with cognizance of

^{1/}C. Woody Thompson and Wendell R. Smith, Public Utility Economics, McGraw-Hill Book Company, New York, 1941, p. 9.

representative informed opinion together with an evaluation of the policies as evidenced in the present economic and geographic status of the Public Service Company.^{1/}

Importance of the study.-- There are several federal, municipal and private utilities serving New Mexico. With the exception of data compiled by the Federal Power Commission, there have been few studies of private utility operations in New Mexico. Because it is the largest (single) producer and correspondingly exerts a great influence on the economy of the State, the Public Service Company of New Mexico was selected for this study.

^{1/}William H. Newman, James C. Dockeray, William H. Husband, Ernest Dale, Lawrence L. Bethel, Paul Pigors and Charles A. Myers. For complete resume of selected opinion sources see Bibliography.

CHAPTER II

HISTORY OF THE PUBLIC SERVICE COMPANY

1. Incorporation

The parent company of the Public Service Company was incorporated in 1917, under the laws of the State of New Mexico, as the Albuquerque Gas and Electric Company. The Albuquerque Gas and Electric Company subsequently acquired the properties of the Albuquerque Gas, Electric Light and Power Company and the Albuquerque Power Company, suppliers of electric and gas service to Albuquerque and vicinity.

The company was, at this time, a wholly-owned subsidiary of Federal Light and Traction Company, a division of the Cities Service System.

On 12 September 1946 the Albuquerque Gas and Electric Company changed its name to - Public Service Company of New Mexico.^{1/} The Public Service Company then acquired, by statutory merger, the properties of New Mexico Power Company, Deming Ice and Electric Company and the Las Vegas Light and Power Company.

^{1/}Public Service Company of New Mexico, A Statistical Review, 1947 through 1956, p. i.

CHAPTER II

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On 12 September 1946 the Albuquerque Gas and Electric Company changed its name to Public Service Company of New Mexico. The Public Service Company then acquired by statutory merger, the properties of New Mexico Power Company, Deming Ice and Electric Company and the Los Alamos Light and Power Company.

Public Service Company of New Mexico, a Statistic
Review, 1947 through 1950, p. 1

Table 1. Subsidiaries merged and properties owned.

COMPANY	PROPERTIES OWNED
Albuquerque Gas and Electric Co. (A New Mexico Corporation)	Electric-gas properties in Albuquerque, electric property in Belen.
New Mexico Power Company (A New Jersey Corporation)	Electric-water properties in Santa Fe, water property in Las Vegas.
Las Vegas Light and Power Co. (A Colorado Corporation)	Electric properties in Las Vegas.
Deming Ice and Electric Co. (A New Mexico Corporation)	Electric-ice properties in Deming.

A long series of court battles resulted in the requirements of the Holding Company Act being upheld.^{1/} Federal Light and Traction distributed all the common stock of the Public Service Company to its common stockholders in compliance with these adjudications.^{2/} The total shares in this transaction amounted to 524,903. Approximately sixty-five per-cent of this holding was distributed to Federal Light and Traction's parent, Cities Service Company. In April, 1948, Cities Service Company sold this block of stock to the public.^{3/} The Public Service Company of New Mexico as we know it today, an independent operating utility, was thus formed.

^{1/}C. Woody Thompson, Wendell R. Smith, Public Utility Economics, McGraw-Hill Book Company, New York, 1941, pp. 131-153.

^{2/}Public Service Company of New Mexico, A Statistical Review, 1947 through 1956, Booklet, p. i.

^{3/}Loc. cit.

²Public Service Company of New Mexico, *Statistical Review*, 1947 through 1956, Booklet, p. 1.

³W.C. Woody Thompson, *Handell & Co., Inc., Public Utility Company*, McGraw-Hill Book Company, New York, 1937, p. 10.

operating utility, was thus formed. The Public Service Company of New Mexico as we know it today, however, was not this block of stock to the public. The Public Service Company, in April, 1945, this service company sold was distributed to Federal Light and Traction Company, which to 524,903. Approximately six-tenths percent of this holding adjudications. The total share in this transaction amounted Company to its common stockholders in proportion to their Traction distributed all the common stock of the Public Service of the Holding Company Act being applied. Federal Light and A long series of court battles resulted in the reorganization

COMPANY	PERCENTAGE OWNED
Albuquerque Gas and Electric Co. (A New Mexico Corporation)	Electric and Gas Properties in Albuquerque, electric company in 1941
New Mexico Power Company (A New Jersey Corporation)	Electric and Gas Properties in Albuquerque, electric company in 1941
Las Vegas Light and Power Co. (A Colorado Corporation)	Electric and Gas Properties in Las Vegas, electric company in 1941
Deming Ice and Electric Co. (A New Mexico Corporation)	Electric and Gas Properties in Deming, electric company in 1941

Table 1. Subsidiaries merged and or existing in 1941.

Southern Union Gas Company purchased the natural gas distribution system in September 1949 for a cash sum of \$4,100,122. At the same time a long term contract for natural gas for the operation of the Public Service Company's power plants was consummated.^{1/}

The company-owned Deming ice plant was sold in 1950.

2. Pubco Development, Inc.

An important chapter in the history of the Public Service Company was written with the establishment of Pubco Development, Inc. by officers and directors of the Public Service Company.^{2/}

Pubco Development, Inc. as a subsidiary.-- Pubco, as it is popularly known and here-in-after will be referred, was incorporated in New Mexico on June 4, 1951 for the purpose of producing, transporting and selling natural gas within the State of New Mexico.^{3/} The authorized capitalization consisted of two million shares of common stock, with per value of one dollar per share.

The Public Service Company of New Mexico purchased for cash the entire 605,978 shares outstanding, thus Pubco became a wholly-owned non-utility subsidiary. The avowed

^{1/}Public Service Company of New Mexico, A Statistical Review, 1947 through 1956, Booklet, p. i.

^{2/}Pubco Development, Inc., Prospectus, 1953, Booklet, p. 7.

^{3/}Loc. cit.

Southern Union Gas Company, Inc. was organized in 1907 for the purpose of operating a distribution system in the State of New Mexico. At the same time a long term contract was entered into with the United States Government for the operation of the Public Service Company's power plants was constructed.

The company-owned gas plant was built in 1910. An important chapter in the history of the Public Service Company was written with the organization of Public Development, Inc. by officials and directors of the Public Service Company.

Public Development, Inc., as a subsidiary of Public Service Company, Inc. is popularly known and hereinafter will be referred to as "Public Development". It was incorporated in New Mexico on June 4, 1921 for the purpose of producing, transmitting and selling natural gas within the State of New Mexico. The authorized capitalization consisted of two million shares of common stock, with a value of one dollar per share.

The Public Service Company of New Mexico, Inc. cashed the entire 600,000 shares outstanding, thus making Public Development a wholly-owned non-affiliated subsidiary of the Public Service Company.

Public Service Company of New Mexico, Inc., 1917 through 1925, Exhibit, A.

Public Development, Inc., Prospectus, 1923, Exhibit, B.

Exhibit, C.

purpose of this transaction was to assure a supply of natural gas for its (Public Service Company) generating plants in Albuquerque and Santa Fe.^{1/}

In October of 1951 Public Service Company issued warrants to its common stockholders providing for the purchase of the common stock of Pubco which it held.^{2/} All of the warrants were exercised or disposed of, and in October, 1954 Public Service Company sold its ownership of Pubco for the original purchase of stock amounting to \$605,978.

Benefits to Pubco.-- Of particular interest are the benefits obtained by Pubco during its operation as a subsidiary of Public Service Company. By filing of joint tax returns Pubco received accumulated capital contributions of \$1,195,450, which represented the total tax saving to the parent organization. By virtue of birthright alone - resulting in a debt-free status at the time of incorporation - the gain to Pubco was very substantial. By any standard Pubco must be considered as the child born with the proverbial silver spoon.

Review of facts.-- As stated previously, the purpose in begetting Pubco was to assure Public Service Company a supply of natural gas for its generating plants in Albuquerque and

1/Public Service Company of New Mexico, Annual Report, 1953, p. 6.

2/Loc. cit.

purpose of this transaction was to transfer the ownership of the natural gas for the Public Service Company, and to transfer the plants in Albuquerque and Santa Fe.

In October of 1951 Public Service Company, Inc. transferred its common stock to the Public Service Company, Inc. in exchange for the purchase of the common stock of the Public Service Company, Inc. All of the warrants were transferred to the Public Service Company, Inc. in October, 1954. Public Service Company, Inc. transferred the Public for the original purchase of \$100,000.00 to the Public Service Company, Inc. in October, 1954. \$605,978.

Benefits to Public - Of the total value transferred to the Public Service Company, Inc. in October, 1954, the Public Service Company, Inc. received accumulated earnings and profits of \$100,000.00, which represented the total for the year 1954. By virtue of this transfer, the Public Service Company, Inc. received the benefit of the transfer of the Public Service Company, Inc. to the Public Service Company, Inc. in October, 1954. By any standard, the Public Service Company, Inc. is a child born with the proverbial silver spoon.

Review of Facts - As stated previously, the Public Service Company, Inc. is a child born with the proverbial silver spoon. The Public Service Company, Inc. is a child born with the proverbial silver spoon.

Public Service Company of New Mexico, Inc.
Albuquerque, New Mexico

Santa Fe. A review of what transpired and actually evolved is in order.

Public Service Company and Pubco entered into a contract under which all gas developed by Pubco within 150 miles of Santa Fe or Albuquerque will be made available for sale to Public Service Company, beginning with the month of October, 1959.^{1/} The Public Service Company could exercise its option at any time, according to this contract, and at a mutually agreeable purchase price. During the contract period Southern Union Gas Company also had contracts to furnish necessary fuel to the Public Service Company which were not due to expire until October 1959. Prior to the expiration of these contracts the parties renegotiated an agreement extending them to 1969.

"The base price under this agreement is twenty cents per MCF, with escalation in case of increase in field price of natural gas^{2/}...or an anticipated price of twenty-two cents per MCF in October 1959."^{3/}

Pubco's obligation to furnish gas to Public Service Company on request expired and Pubco's contracts to furnish gas to Southern Union Gas Company and El Paso Natural Gas Company continued in effect. Under its contract with Southern Union, Pubco receives thirteen cents per MCF for Mesaverde gas and eleven cents per MCF for Pictured Cliff gas.^{4/}

^{1/}Pubco Development, Inc., op. cit., p. 13.

^{2/}For definitions of technical terms, see glossary, Appendix A.

^{3/}Public Service Company, Annual Report, 1957, Booklet, p. 7.

^{4/}Loc. cit.

4/loc. cit.

3/Public Service Company, Annual Report 1952, p. 10.

2/For definitions of technical terms, see generally, Public Service Company, Annual Report 1952, p. 10.

1/Public Development, Inc., op. cit., p. 10.

eleven cents per MCF for El Paso Natural Gas Company.

Public receives thirteen cents per MCF for gas received from

continued in effect. Under the contract with Southern Natural

to Southern Union Gas Company and El Paso Natural Gas Company

Company on request expired and Public's contracts for gas

Public's obligation to furnish gas to Public Service

two cents per MCF in October 1952.

price of natural gas... at an anticipated price of twelve

cents per MCF, with escalation in case of increase in 1953

"The base price under the agreement is twenty

the parties renegotiated an agreement extending to 1953.

until October 1952. Prior to the expiration of these contracts

to the Public Service Company which were not due to expire

Union Gas Company also had contracts to deliver gas to

agreeable purchase price. During the contract period Southern

at any time, according to this contract, and at a price

1952. The Public Service Company might acquire the right

Public Service Company, beginning with the year 1953.

Santa Fe or Albuquerque will be made available for

under which all gas developed by Public Service Company

Public Service Company and would enter into a contract

is in order.

Santa Fe. A review of what transpired and what the result

In an appraisal of the above prices it appears that by exercising its option to purchase gas at wellhead prices from Pubco, the Public Service Company could have obtained an operational saving on fuel by a sum approximately forty per-cent less than existing contract prices with Southern Union Gas Company.

Public Service Company's gain.--- The purpose given by Public Service Company for founding Pubco was, in principle, never achieved.

E. L. Grant has said: "Accounting involves a recording of past receipts and expenditures. It deals only with what happened regarding policies actually followed and is not concerned with alternatives that might have been followed."^{1/}

In accepting the above views of Grant there is no reason to assume that the extensive capital contributions could not have been used in a manner more directly favorable to the Public Service Company of New Mexico.

The stockholders of Public Service Company were given warrants for the purchase of Pubco stock which, if they did not choose to exercise, had a market value at one time of \$4.75. This sum represented for the stockholders as a whole the real value obtained from the Pubco venture. For each share of Public Service Company the stockholders were issued one warrant, good for the purchase of one share of Pubco.^{2/}

^{1/}E. L. Grant, Principles of Engineering Economy, Ronald Press, New York, 1950, p. 22.

^{2/}Pubco Development Inc., Prospectus, 1953, Booklet, p. 3.

In an opinion of the court, it is held that the

exercising its option to purchase the stock of the
from Public, the Public Service Company would have
an operational saving in fuel of a considerable
per-cent less than the rate of interest on the
Union Gas Company.

Public Service Company
Public Service Company for the purpose of the
never achieved.

E. L. Grant has sold his accounting law firm
of past receipts and expenditures. It is held that the
happened regarding public utility companies and
concerned with the various other public utility

In accepting the above value of the stock, it is
to assume that the extensive public utility companies
have been used in a manner which clearly shows that
Public Service Company of New Jersey.

The stockholders of Public Service Company of New
warrants for the purpose of public utility companies. It is
not chosen to exercise the warrants as a matter of
[4.35] This is the highest value of the stock which

the real value obtained from the public utility
share of Public Service Company for the purpose of the
one warrant, good for the purpose of the share of the

E. L. Grant, Principal of the Public Utility
Press, New York, 1934, p. 12.
Public Development Inc., 1934, p. 12.

Management of Pubco.-- During its subsidiary status, Pubco was necessarily operated by the same directors and officers as its parent. Since achieving independence this has not changed. For all intents and purposes Pubco and Public Service Company are still managed by identical officers and directors, even though under "independent" ownership.

If approval is given for identical management during Pubco's subsidiary status, for reasons of mutual importance, it does not necessarily follow that continued coalition is to the best interests of Public Service Company. There is nothing to prevent the two companies from one day actually being competitive, if indeed natural gas and electricity are not considered as competitive industries at this time.

3. Service Area

Electric light and power.-- The Public Service Company renders electric service in a large area of north-central New Mexico, including the cities of Albuquerque, Santa Fe, and Las Vegas, and in the city of Deming in southwestern New Mexico.^{1/} The total population of the area served by the company with electricity is estimated to be somewhat in excess of 315,000.^{2/}

The metropolitan area of the city of Albuquerque, the home office, has an estimated population of approximately

^{1/}See figure 1, p. 11.

^{2/}Public Service Company, Prospectus, 1959, pp. 10-12.

Management of Pubco.—During its history as a

Pubco was necessarily operated by the same directors and officers as its parent. Since no change in management has not changed. For all intents and purposes Pubco and Public Service Company are still managed by identical directors and officers, even though under independent ownership. If approval is given for Pubco's status as a subsidiary,

Pubco's subsidiary status, for reasons of public interest, it does not necessarily follow that the subsidiary status is to the best interests of Public Service Company. There is nothing to prevent the two companies from being jointly being competitive, if indeed natural gas and electricity are not considered as competitive industries at this time.

2. Service area.

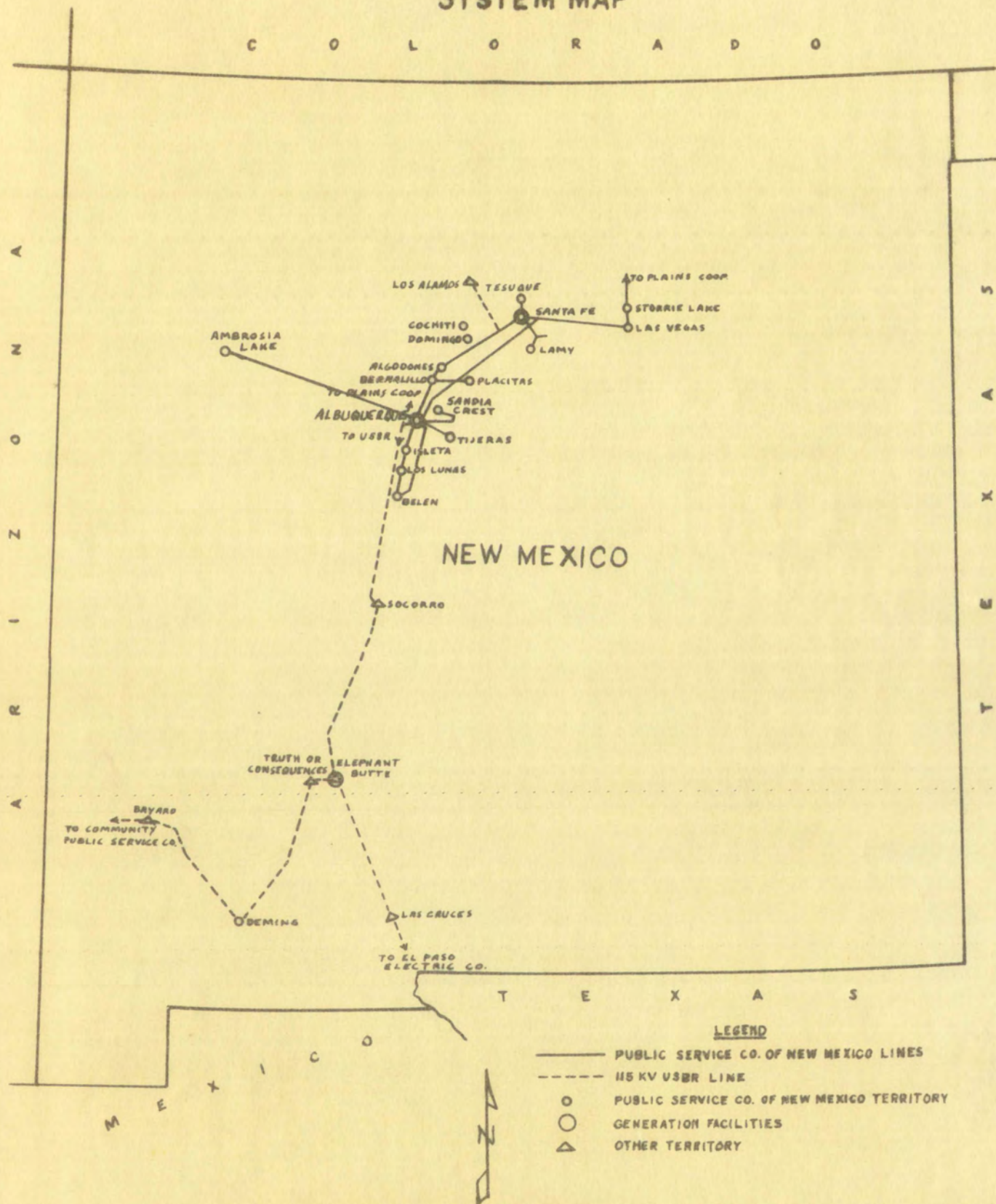
Electric light and power.—The Public Service Company

renders electric service in a large area of north-central New Mexico, including the cities of Albuquerque, Santa Fe, and Las Vegas, and in the city of Denver in Colorado. The total population of the area served by the company with electricity is estimated to be somewhat in excess of 315,000.

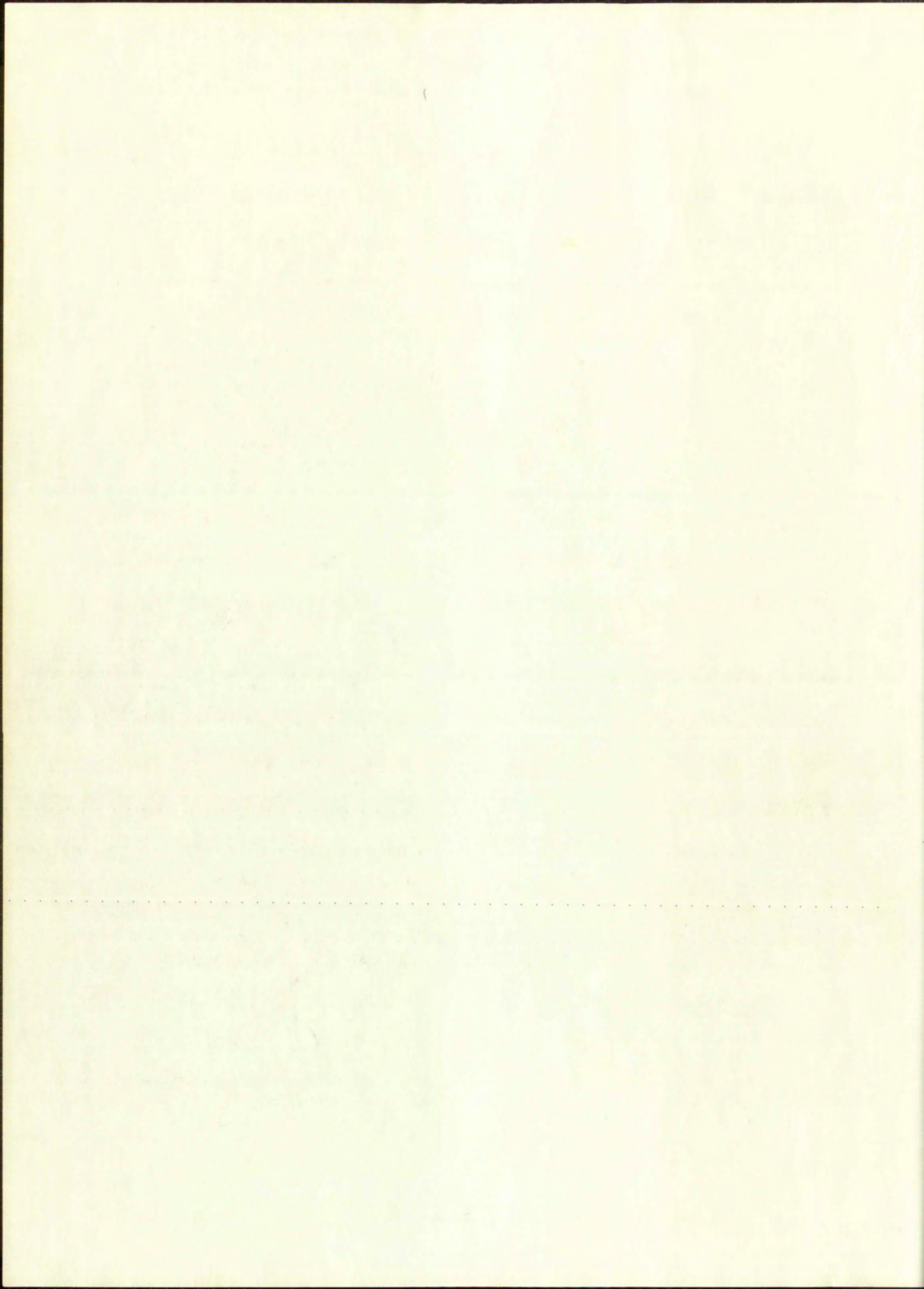
The metropolitan area of the city of Albuquerque, the home office, has an estimated population of approximately

See figure 1, p. 11.
Public Service Company, Prospectus, 1934, p. 12.

Figure 1. PUBLIC SERVICE CO. OF NEW MEXICO
SYSTEM MAP



SOURCE: PUBLIC SERVICE COMPANY, ANNUAL REPORT, 1958, P. 11.



240,000 and is the largest city in New Mexico. Albuquerque is the financial and commercial headquarters for much of the territory and is also the transportation and industrial center of the State. Located adjacent to Albuquerque is the Atomic Energy Commission's installation at Sandia Base, which is supplied electric energy by the Public Service Company.

Upon completion by the United States Atomic Energy Commission in July 1958 of its 115 KV transmission line from Los Alamos to a point near Santa Fe, the Company commenced the delivery of electricity on a standby basis to the Atomic Energy Commission for its Los Alamos facilities. In December 1956, the Public Service Company entered into an agreement with the Atomic Energy Commission in which it agreed to furnish standby, and later firm, electric service to the Commission. This agreement is for a term of one year, and is renewable from year to year by the Atomic Energy Commission.

The Public Service Company furnishes standby power, in amounts up to 16,500 KW, for the Plains Electric Generation Cooperative to its plant near Algodones, New Mexico.

Extensions to private power consumers.-- In November of 1957, agreements were completed with Phillips Petroleum Company and Kermac Nuclear Fuels Corporation for supplying electric service to their uranium mining and milling operations in the Ambrosia Lake area in McKinley County, New Mexico.

240,000 and is the largest city in the Western Hemisphere. It is the financial and commercial center of the State. Located about 100 miles from the center of the State, the Atomic Energy Commission's facilities are supplied electric energy by the public utility company. Upon completion of the project, the Atomic Energy Commission in July 1955 at its 155th Board meeting from Los Alamos to a point near Santa Fe, the Company commenced the delivery of electricity to a standby plant. The Atomic Energy Commission for the first time in December 1955, the Public Service Company, entered into an agreement with the Atomic Energy Commission to supply electricity to the standby plant, and later still, electric service to the Commission. This agreement is for a term of one year and is renewable from year to year by the Atomic Energy Commission.

The Public Service Company furnishes standby service in amounts up to 15,000 KW, for the Public Electric Company. Cooperative in its operations, the Atomic Energy Commission

Extension to private power companies - In November 1957, agreements were completed with Public Electric Company and Kansas Nuclear Fuel Corporation for the supply of electric service to their uranium mining and milling operations in the Ambrosia Lake area in northern Kansas, near Hering.

Under these agreements the uranium companies constructed a 115 KV transmission line and a 20,000 KVA substation in order to take power from the Public Service Company at Albuquerque and transport it to the Ambrosia Lake operations, a distance of sixty-nine miles.^{1/} Subsequent to June, 1958, when these facilities were completed and placed in service, new agreements were negotiated with the two companies and these facilities were purchased by the Public Service Company at a cost of approximately \$1,372,000. The contracts call for delivery of 15,000 KW to Kermac Nuclear Fuels Corporation and 7,500 KW to Phillips Petroleum Company.

The Public Service Company has negotiated an agreement with Ideal Cement Company to supply approximately 5,000 KW of power for the new cement plant east of Albuquerque. To meet this need the Public Service Company has constructed about nine miles of 46 KV transmission lines and will build a 7,500 KVA, 46/4.16 KV substation - at a total cost estimated to be \$260,000.

Meeting the demand.--- These accumulations in demand indicate a corresponding requirement for increased generating facilities. The Public Service Company has been alert to these increased production demands, as well as the potential future demands of the service area. During 1958 it made a careful study of future power requirements. This study indicated that by 1963 its generating capability must

^{1/}Adapted from Public Service Company of New Mexico, Annual Report, 1957 and Annual Report, 1958, and Prospectus, 1959.

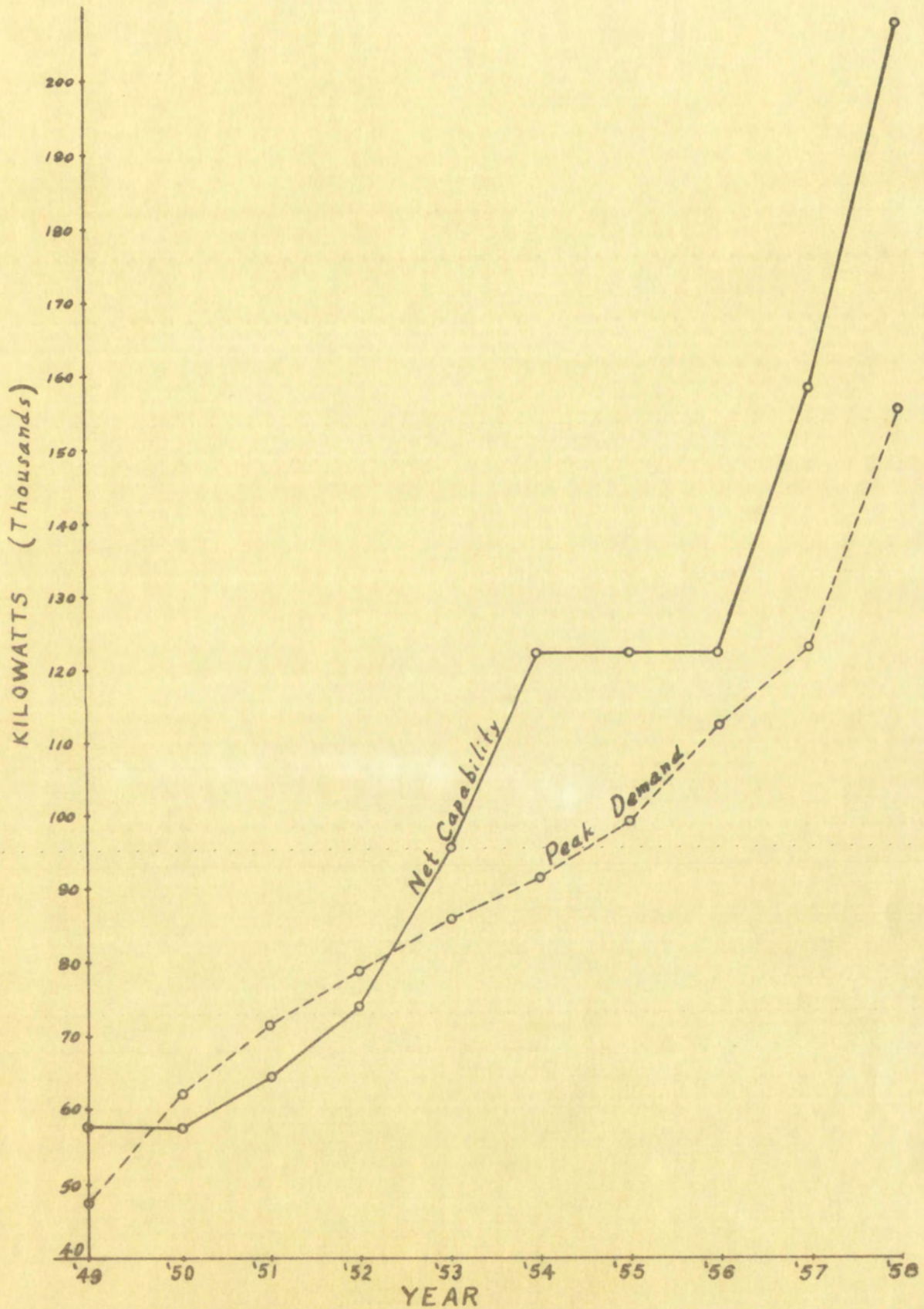
Under these agreements, the 115 KV transmission line will be installed in order to take power from the existing 115 KV line and deliver it to the Albuquerqu... and... a distance of... when these facilities are completed... new agreements... these facilities... at a cost of... for delivery of... and 7,500 KW to this... The Public Service Company has indicated its agreement with Ideal Cement Company... of power for the use... most this need the Public Service Company has... about nine miles... a 7,500 KW, 115 KV substation... to be \$260,000...

Meeting the Demand - The... indicates a... facilities. The... these increased production demands... future demands of the... careful study of future... indicated that...

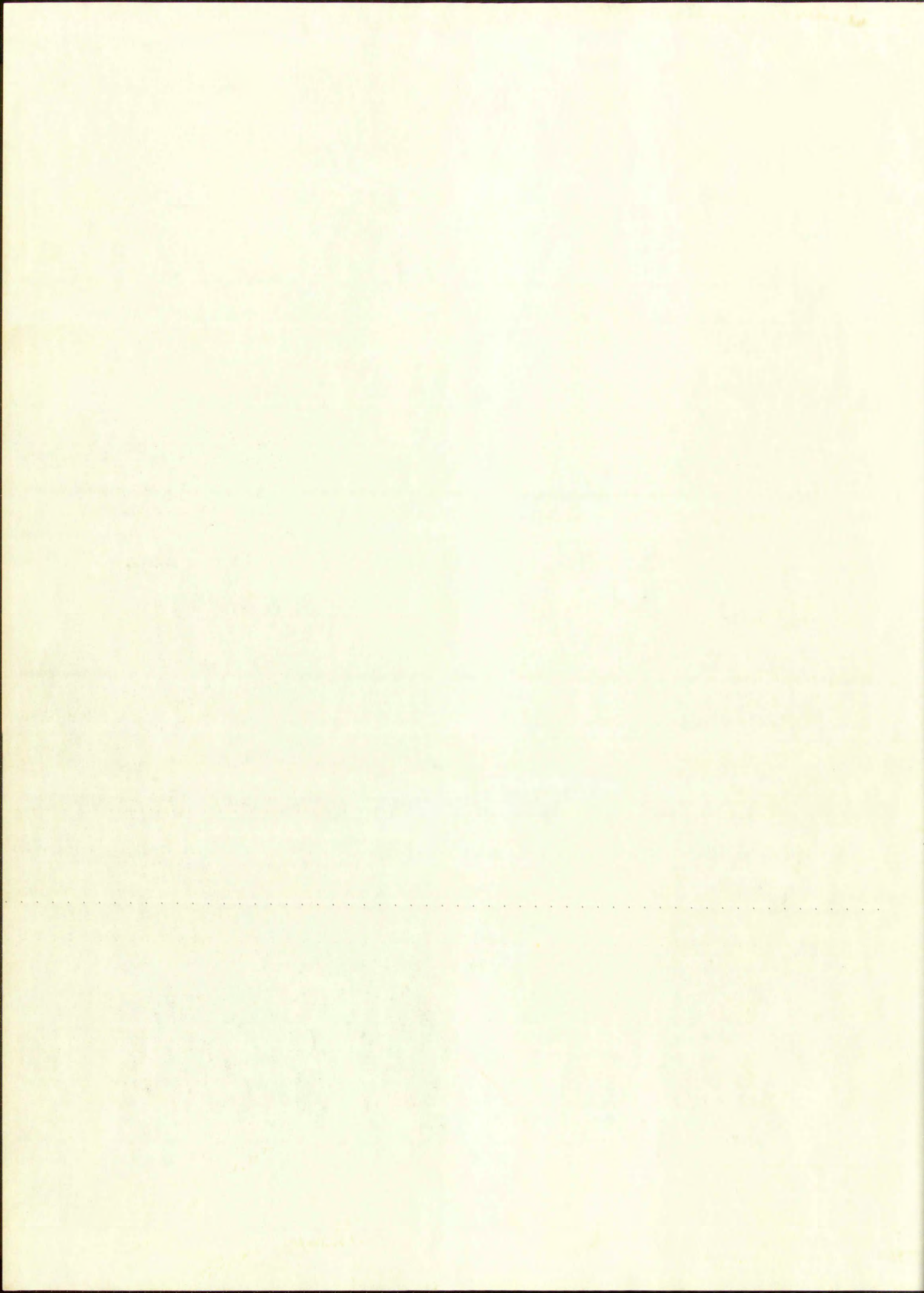
Approved - The Public Service Company of New Mexico... Report, 1927 and Annual Report, 1928, and... 1929.

Figure 2.

NAME PLATE GENERATING CAPACITY AND PEAK DEMANDS



SOURCE: PUBLIC SERVICE COMPANY, STATISTICAL REVIEW, 1949-1958, pp 27-28



equal 300,000 KW and 500,000 by 1970.^{1/}

Continuity has been the theme for the power production program. This is demonstrated by the fact that total net generating capability in 1948 amounted to only 51,065 KW;^{2/} by the end of 1958, however, the net generating capability amounted to 207,600 KW.^{3/} Figure 2 graphically illustrates the capability of the Public Service Company to meet load demands. The name-plate rating used in this figure exceeded peak demands by substantial amounts. To equal any extreme emergency demands the name-plate rating can be accelerated.^{4/}

Public transmission extensions.-- The increased electric generating potential is useless without an equal increase in transmission potential. The Public Service Company has progressed beyond the previously mentioned extensions to private power consumers.

Beginning in 1954 the Albuquerque, Belen, Las Vegas and Santa Fe divisions were interconnected and operated on an

1/Public Service Company, Annual Report, 1958, Booklet, p. 4.

2/Public Service Company, Statistical Review, 1947-1956, pp. 28-29.

3/Public Service Company, Annual Report, 1958, Booklet, p. 3.

4/Advanced electrical engineering techniques will permit rapid acceleration of name-plate capacities in generating plants by the use of cooling agents, etc. Such accelerated output is not designed for long periods but only to give the desired generation during emergency conditions. The degree of available accelerated capability is governed by the particular generating unit. The type of cooling agent is likewise dictated by the generating unit.

integrated basis, while the Deming division was operated as a separate system.^{1/} During 1958, however, complete integration was completed when the 115 KV transmission system, owned and operated by the United States Bureau of Reclamation, connected the Deming and Albuquerque divisions.

During May, 1959, a 115,000 volt transmission loop, encircling the city of Albuquerque, was placed in service.^{2/} This addition provides more flexibility of service and also improves the service to all consumers.

This evidence testifies to the Public Service Company's concern for the service needs and power demands of its consumers.

Water department.-- The water department of the Public Service Company provides water service to Santa Fe and Las Vegas, New Mexico.

After a thorough survey it is the opinion of the writer that the water department does not add or detract from the total operation sufficiently to warrant a detailed report in this study. The water department is governed by the same rules of management and administration that are detailed in Chapters III and IV.

Seperate mention of the water department, however, is essential for one specific reason - i.e., to illustrate

^{1/}Public Service Company, Annual Report, 1954, Booklet, p. 5.

^{2/}Public Service Company, Annual Report, 1958, Booklet, p. 4.

integrated basis, while the existing system was operated as

a separate system. During the study, however, the existing system

was completed when the 150,000 gallon storage tank, owned and

operated by the United States Army of Engineers, connected

the existing and proposed systems.

During May, 1957, a 150,000 gallon transmission line,

encircling the city of Albuquerque, was placed in service.

This addition provides more flexibility of service and also

improves the service to all consumers.

This evidence testified to the Public Service Company's

concern for the service needs and general comfort of its

consumers.

Water department. The water department of the Public

Service Company provides water service to almost all of the

Las Vegas, New Mexico.

After a thorough review it is the opinion of the water

department that the water department does not at present have

total operation sufficiently to warrant a detailed study for

this study. The water department is governed by the same

rules of management and administration that are followed in

Chapters II and IV.

Separate mention of the water department, however, is

essential for one specific reason - the 150,000 gallon

Public Service Company, Santa Fe, New Mexico, 1957

Public Service Company, Santa Fe, New Mexico, 1957

the need for maintaining the water and electric units as individual entities for the purposes of regulation. Because the areas serviced by the two utility departments are not parallel, this need is especially acute. Glaeser describes this need as follows: "If the business carries on different kinds of operations - a joint utility operating an electric railway, and electric utility and a gas utility - it is then necessary to determine the net operating revenue for each utility and the total capital employed in operating each....both management and the regulating commission should know the earning power by departments because the sources of gain or loss should be disclosed."^{1/}

In this respect it is noteworthy that the accounting records of the Public Service Company show the water department as providing approximately five per-cent of the combined revenues with the exact proportion being debited to the total expenses of the combined utility operation.^{2/}

The acceptance of these financial figures can mean one thing - the Public Service Company has satisfied the requirement of maintaining reasonable division in the operation of their combined public utilities.

^{1/}Op. cit., p. 193.

^{2/}Public Service Company of New Mexico, A Statistical Review, 1949 through 1958, pp. 13-18.

Atomic research - a look to the future.-- Because of the expected continuation of rapid growth of population and industry, prospects are considered particularly bright for utilities serving the state of New Mexico.^{1/} The Public Service Company of New Mexico is pursuing an aggressive policy to assure adequate supplies for any demand.

In spite of the known natural gas reserves available for continued economical fuel, the company is not overlooking the possibilities for even greater economy in the future, and in 1958 joined with other power companies in two important atomic research projects.^{2/} Through this participation the Public Service Company will be able to keep abreast of the most advanced techniques and can be ready to take advantage of any economic use of atomic energy.

The first participation was with the Rocky Mountain-Pacific Nuclear Group, consisting of seven other western companies and General Atomic Division of General Dynamics Corporation.^{3/} The immediate goal of this group is to develop nuclear fission reactors capable of producing the high steam temperatures and pressures required in modern power plant production.

1/Research Department, Regional Study of Electric and Gas Utility Stocks, Baker, Weeks & Co., New York, 1959, p. 18.

2/D. W. Reeves, President's Statement, Annual Stockholders' Meeting, May 5, 1959, Address.

3/Public Service Company of New Mexico, Prospectus, March, 1959, Booklet, p. 11.

Atomic research - a look to the future - Bureau of

the expected continuation of rapid growth of production and industry, prospects are considered for the future. The utilities serving the state of the future. The Public Service Company of New Jersey is planning an extensive policy to secure adequate supplies for the future.

In spite of the known hazards of radioactive materials for continued economic well-being, the future is not without the possibilities for even greater security in the future. In 1958 joined with other power companies in an effort to atomic research project. Through this participation the Public Service Company will be able to keep abreast of the most advanced techniques and can be ready to take advantage of any economic use of atomic energy.

The first participation was with the Atomic Energy Pacific Nuclear Group, consisting of seven other power companies and General Atomic Division of General Motors Corporation. The immediate goal of this group is to develop nuclear fission reactors capable of producing the high steam temperatures and pressures required for the production of power.

Research Department, Federal Bureau of Investigation

W.D. W. Reeves, President, American Nuclear Society

Public Service Company of New Jersey, Newark, N.J.

High Temperature Reactor Development Associates is the second forward-looking group; consisting of fifty-four power companies throughout the nation.^{1/} This group, upon governmental approval, will jointly build a high temperature, gas-cooled reactor to provide steam for a plant to be built on the Philadelphia Electric Company's system.

^{1/}Public Service Company of New Mexico, Prospectus, March, 1959, Booklet, p. 11.

CHAPTER III

THE CORPORATION AND MANAGEMENT

1. The Corporate Body and the Shareholder

The several advantages and disadvantages of a corporate body will receive peripheral observation here to give the reader a familiarity with the components of a corporate structure, thus facilitating an understanding of the particular study.

On the plus side are these factors:^{1/}

1. "It makes possible the assembly of huge quantities of capital, through the sale of bonds and stocks."

2. "The characteristics of limited liability makes investors more willing to contribute to the capital of the organization."

3. "It has the advantage of a specified period of life, sometimes perpetual."

4. "The corporate form makes borrowing easier in that bonds may be used and sold to the public."

The vis-a-vis factors are as follows:^{2/}

1. "Under present state corporation acts the establishment of a corporation is relatively simple and the costs nominal. Nevertheless, it is necessary to comply with legal formalities. (detailed technicalities which often discourages incorporation)."

^{1/}C. Woody Thompson, Wendell R. Smith, op. cit., p. 102.

^{2/}Loc. cit.

THE CORPORATION AND THE STOCK MARKET

CHAPTER III

THE CORPORATION AND THE STOCK MARKET

A. L. CORP. v. SEC. 1934

The several advantages and disadvantages of the corporation body will receive particular observation here to show the need for familiarity with the operation of the corporation thus facilitating an understanding of the corporation's position on the side of the stock market.

1. It is a legal entity, capable of holding property, making contracts, and suing and being sued.
2. "The corporation is a legal entity, making contracts, holding property, and suing and being sued."
3. "It has the capacity of a natural person of life, continuous existence."
4. "The corporation has a legal personality, making contracts, holding property, and suing and being sued."

The various advantages and disadvantages of the corporation are as follows:

1. "First, a corporation is a legal entity, making contracts, holding property, and suing and being sued."
2. "The corporation is a legal entity, making contracts, holding property, and suing and being sued."
3. "It has the capacity of a natural person of life, continuous existence."
4. "The corporation has a legal personality, making contracts, holding property, and suing and being sued."

W. C. HOOD, JR., Secretary, W. C. Hood & Co., Inc.

W. C. Hood & Co., Inc.

2. "The corporation is subject to heavy taxation by both the state and national governments....A considerable expense is also incurred by corporations in filing the numerous reports required by governmental bodies."

3. "A corporation is limited to performing the activities specified in its charter, (therefore), it does not have the same free-action as the sole proprietorship and the partnership."

Item number three, above, as quoted from Newman, is not mandamus.^{1/} In a later chapter it is stated how, through a provision in the By-Laws, the Public Service Company was able to amend its corporation charter.

4. "A corporation may become subject to predatory control, that is, stockholders may suffer in many ways because of the control exercised by a few holders of large blocks of stock."^{2/}

The preceding factors represent major characteristics of corporations but are not necessarily reflective of all corporations. The corporate body, then, is not without its drawbacks; and these can be minimized through an informed and directly participating majority of stockholders.

The shareholder.-- The most popular gauge used by the shareholder to judge the efficiency of corporation management is the rate of return on investment. Unless the shareholders entertain an educated interest in the affairs of their corporation, this gauge is not operative.

Cursory judgment can assume that when corporations are governed by regulatory bodies and growth is to a great

^{1/}William H. Newman, Business Policies and Management, Southwestern Publishing Co., Cincinnati, 1949, pp. 390-391.

^{2/}C. Woody Thompson, Wendell R. Smith, op. cit., p. 102.

2. The corporation is subject to heavy taxation by both the state and national governments. The sole expense is also incurred by corporations in this the numerous reports required by governmental agencies.

3. "A corporation is liable for the activities of its officers, directors, and does not have the same protection as the partnership and the partnership."

Item number three, above, is stated from item 1, not mandamus. In a later paragraph it is stated that, through the provision in the 1913 Act, the Federal Reserve Bank was able to amend its corporate charters.

A corporation is a legal subject in bankruptcy control, that is, shareholders are not in any way large because of the legal liability of the shareholders of stock.

The preceding factors represent a complete picture of corporations but are not necessarily reflective of all corporations. The corporate body, then, is not without its drawbacks; and there can be a financial loss of the and directly participating in the activities of the corporation.

The shareholders of the corporation are not bound by a shareholder to judge the efficiency of corporate management is the rate of return on investment. The shareholders are not interested in the profits of their corporation, this group is not interested. Current judgment can assure that the corporation is not governed by regulatory bodies and is not subject to a great

Western Publishing Co., Chicago, Ill. 60601
J.C. Woody, Secretary, P.O. Box 100, Chicago, Ill. 60601

extent influenced by favorable economic conditions, an increased rate of return may be attributable to these favorable conditions. By the same token, a reasonable return on investment under adverse business conditions may be adjudged as attributable to superior management.

Educated opinion is agreed, however, that the cursory viewpoint cannot be as responsible for a respectable return on investment as that of quality management.

A definition of good management.— What then actually constitutes good management? A singular definition is not possible, but a broad standard of good management has been defined by Dockeray as: "the highest fidelity to the interest of the corporation, and the discharge of their (management) duties with reasonable care and reasonable prudence."^{1/} A third addition which is applicable to utilities, and as a consequence this study, is: the degree and quality of service rendered the represented territory.

The shareholder, his right and his duty.— Just as the right to vote is inherent to all adult citizens of the United States, so is this right inherent to all shareholders of a corporation.^{2/}

^{1/}James C. Dockeray, William H. Husband, Modern Corporation Finance, Richard D. Irwin, Inc., Chicago, 1947, p. 308

^{2/}The laws of some States and the charters of some corporations limit the voting rights to holders of common stock - preferred stock-holders being non-voting.

SECTION 101
ARTICLE IV

extent influenced by the extent of the
increase in the rate of interest.
favorable conditions.
on investment under government control
objection to the proposed plan.

Education is a public service, and the
viewpoint cannot be that of a private
on investment as that of a private enterprise.
is a definite fact. The government is
constituted and organized. A public service is
possible, but a public service of the kind
defined by Docket No. 101 is not possible.
of the corporation, and the government is not
outlet with government control. The government
third addition to the public service.
consequence of this plan, the government is
rendered the responsibility.

The shareholders are entitled to the right to vote
right to vote is inherent to all shareholders of a
State, and the government is not a shareholder of a
corporation.

James C. Doherty, Attorney at Law, New York City
Finney, Richard D. Attorney at Law, New York City
The laws of the State of New York are not
limit the voting rights of the shareholders of a
stock-holders of the corporation.

Because of pertinent bodies which regulate corporations, there is less than normal cause for concern by investors over possible illegal procedures and transactions of management, providing the regulatory agencies pursue their duties. The investors' concern, if any, of possible "brink" relationships to impropriety or ill-advised decisions are likewise capable of being dismissed - by the simple expedient of directly exercising his voting right. When the shareholder chooses to pass his voting right, in the form of proxy, he has ceased to merit support for any concern he might have relative to the management of his investment. A shareholder who disagrees with management policy and passes his voting right by abstention deserves more praise. Simple mathematics (fifty-one per-cent of the corporate stock constitutes control) should induce shareholders to take more than a superficial interest in the affairs of their corporate investment.

2. Management

It is well that agreement be reached on what constitutes management. There is varied opinion on this subject, but for the purpose of this study the management functions of the corporation are exercised by a small group of executive officers and the board of directors.^{1/} The administrative

^{1/}William R. Spriggle; Ernest Coulter Davies, Principles of Business Organization, Prentice-Hall, Inc., New York, 1946, pp. 494-495.

group, then, consists of those officers who administer the policies formulated by management.

The board of directors.-- There are nine members of the board of directors of the Public Service Company of New Mexico. The board is divided into three classes, one of which is elected at every third annual meeting. The board of directors conduct at least four meetings annually.^{1/}

The articles of Incorporation in the Certificate of Incorporation create, limit and define the power of the board of directors as follows:^{2/}

"(a) From time to time to issue its stocks, bonds, and other obligations for labor done, or property received for its use and lawful purposes; to purchase, acquire, hold, sell, exchange and dispose of the stocks, bonds and other evidences of indebtedness of any corporation, domestic or foreign, and to issue in exchange therefor, its stocks, bonds or other obligations, and to mortgage and pledge the same or any bonds, stocks or other securities of its own issue; and to make, draw, accept, endorse, execute and issue promissory notes, bills of exchange, warrants, bonds, indentures, and other instruments, and to aid in any manner any corporation any of whose stocks, bonds or other obligations are held, or in any way guaranteed or assumed by the corporation; and from time to time to sell, exchange, or in any manner dispose of the whole or any portion of the assets of the corporation."

"(b) From time to time to fix and vary the amount of its working capital, and to direct and determine the use and disposition of any surplus or net profits over and above the capital stock paid in; and in its discretion (but subject to any restrictions imposed by the law of the State of New Mexico) to use and apply any such surplus or accumulated profits in acquiring the bonds

^{1/}Public Service Company, By-Laws, Article II, Section 2 & 3.

^{2/}Public Service Company, Certificate of Incorporation, Amended, 1953, Article VIII.

or other obligations or shares of the capital stock of the corporation to such extent and in such manner and upon such terms as the Board of Directors shall deem expedient, provided that no such funds or property shall be used for the purchase of its own shares of capital stock when such use would cause any impairment of the capital of the corporation; but shares of capital stock so acquired may from time to time successively be resold and repurchased."

"(c) To borrow money and to make and issue notes, bonds, debentures, obligations and evidences of indebtedness, whether secured by mortgage, pledge or otherwise, without limit as to amount, and to secure the same by mortgage, pledge, or otherwise of all or any part of its property or assets; and generally to make and perform agreements and contracts of any kind and description."

"(d) To procure itself to be licensed or recognized in any state, county, city or other municipality of the United States, and to conduct its business and have one or more offices therein."

To fulfill these extensive demands the Public Service Company has acquired, through guided elections, a board of directors with essential business acumen. Not unlike its predecessors, the present board is composed of educated and experienced managers.^{1/}

In our more progressive corporations at the present time, the membership of a board of directors is usually composed of two or three of the senior executives of the corporation in addition to several other men who earn their livelihood from some other occupations.^{2/} In line with this trend the board members of the Public Service Company represent diversified business experience and are, with minor exception,

^{1/}Appendix B.

^{2/}William H. Newman, op. cit., p. 401.

the corporation for a period of not less than one year
upon such terms as the Board of Directors may determine.
The corporation shall have the right to purchase any and all
of the shares of the corporation owned by any person who
is not a resident of the United States at the time of the
purchase of such shares, and to acquire such shares at the
same price as the price paid for such shares by the person
purchasing them.

The corporation shall have the right to purchase any and all
of the shares of the corporation owned by any person who
is not a resident of the United States at the time of the
purchase of such shares, and to acquire such shares at the
same price as the price paid for such shares by the person
purchasing them.

To fulfill these various purposes the Board of Directors
Company has decided, through proper channels, to issue of
directors with essential business and financial background
predecessors, the business should be conducted in a
experienced manner.

In our more progressive approach to the business
time, the membership of a board of directors is usually
composed of two or three of the members of the corporation
corporation is entitled to receive a dividend in proportion to
liability from some other source.

trend the Board members of the corporation to acquire a
diversified business operation and also to acquire a
Appendix B
William H. Brown, Jr., et al., et al.

non-operating officials of the company.

The directors have followed favorable precedent in placing themselves on a fixed salary.^{1/} Regular members receive \$2400.00 annually and those serving on the executive committee receive \$3600.00 per year.^{2/} This practise encourages active participation and reimburses executives for the time away from normal business pursuits.

✓ A brief history of Pubco in chapter two of this study suggests a potential cause for concern in the dual-responsibility of the directors. It relates that Pubco and Public Service Company are governed by identical directors. Many corporations have directors who individually serve on one or more boards of directors. By and large this has proved beneficial to all. A logical question arises, however, in respect to the advisability of complete coalescence - as evidenced by identical management and directors for Public Service Company and Pubco.

It can be assumed that identical board members may not impair the effectiveness of either Pubco or the Public Service Company. However, this dual-capacity in duty and responsibility cannot be considered as desirable for the officers of the two corporations. The axiom concerning man serving two masters is apropos in this instance. ✓

1/James C. Dockeray, William H. Husband, op. cit., p. 296.

2/R. T. MacBain, Secretary & Treasurer, Interview, June 15, 1959.

non-operating officials of the company.

The directors have failed to exercise their powers of placing themselves and their families in a position to receive \$2400.00 annually and to use the same for the benefit of the company. This is a serious matter.

Active participation and interest in the company is time away from normal business pursuits.

A brief history of the company is given in the following suggests a potential cause for concern in the financial ability of the directors. It shows that the company is a Service Company and is owned by the directors. The company has a history of financial difficulty and has been in the hands of more boards of directors. The fact that the company is beneficial to all is a fact which is not in the interest of the company. A fact which is not in the interest of the company is the fact that the company is not in the interest of the company. A fact which is not in the interest of the company is the fact that the company is not in the interest of the company.

Service Company and Board.

It can be assumed that identical board members may not impair the effectiveness of either board in the public service Company. However, it is not possible to say that the company cannot be considered as desirable for the officers of the two corporations. The fact that the company is not in the interest of the company is a fact which is not in the interest of the company.

is a fact in this instance.

James C. Bockley, 1111 1st Avenue, New York, N.Y.
R. T. McCall, Secretary, 1111 1st Avenue, New York, N.Y.

The executive committee.--- The Board of Directors appoints from its membership an executive committee which may exercise the powers of the board of directors in the management of the business, affairs and property of the company during intervals between meetings of the board.^{1/}

Although not specifically stated in the By-Laws, the executive committee is composed of four members, two operating officers and two non-operating officers. The By-Laws does not direct the term of office, does not restrict its limits of authority, nor does it subject decisions to recall, if such is desired, by the full board of directors.

This nebulous guide for the executive committee makes it prone for assumptive conclusions. The possible conclusions include: The executive committee can direct management without restriction, therefore, eliminating any real need for a full board of directors. The authority for complete control is in reality granted to four directors appointed by the board chairman.

Chairman of the board of directors.--- The chairman of the board of directors is the ranking officer of the company and is responsible for passing on to the executive officers of the company such business policies as may be decided upon by the directors.^{2/} He has, in general, supervisory power over the business activities of the company.

^{1/}Public Service Company, By-Laws, Article III.

^{2/}D. W. Reeves, Public Service Company, Functional Organization, Administrative Letter No. 119, May 5, 1959.

The board chairman does not have (under the functional organization declarations) any assigned policy making functions other than those originating from his responsibilities as a board member. His power is supervisory and in the main he serves as a liason between the board of directors and the president of the Public Service Company.

The nominal assignment of duty is by no means reflective of a secondary status, but it is in effect a token of appreciation for past administrative service. Despite the appearance of an emeritus position, the board chairman nevertheless is the ranking officer of the company and is second only to the board of directors in fiduciary responsibility.

Board chairmanship is frequently the reward of corporation presidents for work well done, and this is evidenced in the Public Service Company of New Mexico.

Office of president in the Public Service Company.-- The president is responsible for the general management and control of the business and affairs of the company.^{1/} He directs and has ultimate responsibility for administration of all factors pertaining to the operation of the company, including financing, personnel, production, economics, sales, public relations, accounting, engineering, equipment, material, and any other matter authorized or required by law.

1/D. W. Reeves, Administrative Letter No. 119, May 5, 1959.

The board of directors of a not have a board of directors
organization consisting of representatives of the various
other than those originating from the organization itself as the
board member. The board is responsible for the management of the
serves as a liaison between the board of directors and the
president of the Public Service Company.

The nominal designation of any board member is that of
of a secondary status, but it is in effect a token of
appreciation for past or future service. The board member
appearance of an honorary position, the board member
nevertheless is the primary officer of the company and is
second only to the board of directors in the hierarchy of
responsibility.

Board chairman is the person who presides at the board of directors
presidents for public utility companies and is elected to the
Public Service Company of the District.

Office of president of the Public Service Company - The
president is responsible for the general management and
control of the business and affairs of the company. He
directs and coordinates the activities of the company and
all factors pertaining to the operation of the company,
including financial, personnel, production, and other
public relations, accounting, engineering, and
material, and any other matter which may be required by the

J.D. W. Keever, Public Utility Law, 1934, p. 100.

Authority of the president.-- The office of president is the accepted position for concentration of authority - with the Public Service Company its acceptance is categorical.^{1/} A thorough investigation of the responsibilities of authority accepted by the president suggest autocracy. Except for those decisions specifically reserved for the directors, few decisions are made without first receiving presidential consent. Although certain purchases, work orders, expense orders and others do not require the president's signature, the officers are subject to restrictive protocol. This was emphasized as follows:^{2/}

"The lines of authority established hereby do not relieve anyone of the obligation of clearing matters under his jurisdiction with all others having an interest in such matters or who will be affected directly or indirectly by decisions made. Likewise, the establishment of responsibilities is not intended to prevent in any way communication and cooperation among all members of the organization."

Except for the technical information dealing with the tabulating department letters, all letters and memoranda for company-wide distribution require approval of the president.^{3/}

Discerning opinion on absolute control from a single office is evenly divided.

^{1/}William H. Newman, op. cit., p. 410.

^{2/}D. W. Reeves, Administrative Letter No. 119, May 5, 1959.

^{3/}D. W. Reeves, Administrative Letter No. 113, March 1958.

Authority of the Federal Reserve Board

is the obvious, settled, and constant of our life. The
the Public Service Commission, the Federal Reserve Board,
A thorough investigation of the responsibilities of our
accepted by the Federal Reserve Board, and the
decisions specifically made by the Federal Reserve Board
are made without any regard to the Federal Reserve Board.
Although certain decisions, such as the Federal Reserve Board
others do not, are made by the Federal Reserve Board, the
are subject to the Federal Reserve Board, and the Federal Reserve Board
follows:

"The Board of Governors of the Federal Reserve System
relieve members of the Board of Governors of the Federal Reserve System
under his jurisdiction of the Federal Reserve System, and
in such matters as the Federal Reserve System, and the
indirectly or indirectly, and the Federal Reserve System, and
of responsibility for the Federal Reserve System, and the
conduct of the Federal Reserve System, and the Federal Reserve System,
organization."

Except for the Federal Reserve System, the Federal Reserve System
tabulating the Federal Reserve System, and the Federal Reserve System
company-which is the Federal Reserve System, and the Federal Reserve System
Discretionary Federal Reserve System, and the Federal Reserve System
office is subject to the Federal Reserve System, and the Federal Reserve System.

William H. Hoover, et al., et al.
W. W. Hoover, et al., et al.
W. W. Hoover, et al., et al.

"Just as leadership is the foundation upon which the line establishment is built, so is delegation the process that enables leadership to be effective...."^{1/}

"One of the most critical periods in any enterprise is the time when it grows to the size that it can no longer be directed personally by its (president), yet he insists on personally directing every detail."^{2/}

"Good delegation exists when decisions are made at the lowest level capable of making them."^{3/}

"From an organizational standpoint, authority is a right inherent in the source of authority. This right includes the right of decision and command."^{4/}

"The president is generally recognized as the final authority in all matters of administration."^{5/}

Relative to the Public Service Company the qualified basis for the autocratic role played by the president is aptly stated by Ernest Dale:^{6/}

"The personalities in a business enterprise are an obvious factor in determining the degree of decentralization. Foremost, of course, is the personality of the chief executive. If he is able to combine policy-making with detailed supervision and control, if he is able to maintain close contact with many of his subordinates, if his intentions can be communicated easily or are known from long experience, the result of all this is likely to be a high degree of centralization."

^{1/}William R. Sprigle, Ernest Coulter Davies, op. cit., p. 45.

^{2/}Ibid., p. 497.

^{3/}Littlefield and Pederson, Modern Office Management, p. 44.

^{4/}William R. Sprigle, op. cit., p. 496.

^{5/}William H. Newman, op. cit., p. 410.

^{6/}William Grant Ireson and Eugene L. Grant, Handbook of Industrial Engineering and Management., Ernest Dale, Contributor, Prentice-Hall, Inc., New Jersey, 1955, p. 43.

Just as I have said in the past, the
the first thing I noticed is that
process that would be a good thing.

One of the most serious problems in the
price is that it is not a price
no longer be a price, but it is
yet he insists on being a price.

"Good night, good night, good night,
more of the same, good night, good night.

"I am an old man, I am old, I am old,
in a right, I am old, I am old,
right, I am old, I am old, I am old.

"The only one who is old, I am old,
final authority, I am old, I am old.

Relative to the fact, I am old, I am old.

basis for the future, I am old, I am old.

only stated by the fact, I am old, I am old.

The question is, I am old, I am old,
evolving from the fact, I am old, I am old,
fact, I am old, I am old, I am old,
exclusive, I am old, I am old, I am old,
detailed, I am old, I am old, I am old,
close, I am old, I am old, I am old,
ions can be, I am old, I am old, I am old,
exchange, I am old, I am old, I am old,
degree of, I am old, I am old, I am old.

William K. Sullivan, I am old, I am old.

Sullivan, I am old, I am old, I am old.

Sullivan, I am old, I am old, I am old.

Sullivan, I am old, I am old, I am old.

Sullivan, I am old, I am old, I am old.

Sullivan, I am old, I am old, I am old.

Sullivan, I am old, I am old, I am old.

Sullivan, I am old, I am old, I am old.

It has been noted that presidential authority in the Public Service Company is absolute - a fact which is further illustrated by the organizational chart.^{1/} There is, however, an aura of pending change as indicated by the subsequent discussion of the important role which committees are taking. Another indication of the pending decentralization is the natural consequence of the restriction in personal contact which is required for autocratic control. As will be noted later the Public Service Company has been experiencing increased growth which in turn limits the ability of any one person to singularly hold the reins of command.

What the change will mean.-- With a decline in presidential authority a spontaneous increase can be anticipated in the responsibilities of line and supervisory officers, and thus bring about the abolition of the afore-mentioned objections to absolute control. The increased responsibilities for other officers should, in the passage of time, create at least one executive with sufficient stature and experience to one day be equal to the inevitable demands of the office of president.

Absolute authority and the Public Service Company.-- Whatever collective opinion may be in regard to presidential authority, there is one defense for its existence which has been overlooked and is applicable to our subject. Several staff specialists have been brought into the company during

^{1/}Appendix C.

It has been noted that the Public Service Company is a monopoly. This is illustrated by the fact that the company is the only one of its kind in the country. An analysis of the company's financial statements shows that it has a very high rate of return on its investment. Another indication of the company's monopoly is the fact that it has a very high rate of growth which is not justified by the company's performance. It is required for the company to be a monopoly. The Public Service Company has a very high rate of growth which is not justified by the company's performance. It is required for the company to be a monopoly.

What the change will mean — The change in the company's financial statements will mean a very high rate of return on its investment. This is illustrated by the fact that the company is the only one of its kind in the country. An analysis of the company's financial statements shows that it has a very high rate of return on its investment. Another indication of the company's monopoly is the fact that it has a very high rate of growth which is not justified by the company's performance. It is required for the company to be a monopoly.

Absolute Authority and the Public Service Company — The change in the company's financial statements will mean a very high rate of return on its investment. This is illustrated by the fact that the company is the only one of its kind in the country. An analysis of the company's financial statements shows that it has a very high rate of return on its investment. Another indication of the company's monopoly is the fact that it has a very high rate of growth which is not justified by the company's performance. It is required for the company to be a monopoly.

this period of accelerated growth, and although their insertion has not met with the approval of all employees it did satisfy the exigency.^{1/} With new personalities learning new assignments, it was mandatory to demand strict discipline and a firm hand or suffer the possible consequences of having six specialists all aspiring for leadership. The augmented total growth has perhaps required the inherent strength of absolute control to maintain cooperative management.

Assistants to the president.-- The recently reorganized functional organization provides three assistants to the president.^{2/} This is another example of Public Service Company adherence to the precept of Ernest Dale: "Once a company has several hundred employees, some formal planning is usually required to handle its growing problems....it may be advisable to appoint an assistant to the president."^{3/} The employment of the "assistant to" has its pros and cons, but with the Public Service Company the cause for this function is qualified. The economic, physical and geographic increases of the company requires that the president have additional

^{1/}A survey of all levels of employees disclosed that those with several years of seniority actively resented the insertion of outsiders in positions of authority, and in direct contradiction to management's stated policy.

^{2/}D. W. Reeves, Administrative Letter No. 119.

^{3/}Ireson and Grant, Industrial Engineering and Management, p. 17.

this period of accelerated growth, and the fact that
insertion has not yet been made in the new
old facility for expansion. The new facility is
new assignment, it is necessary to have a
and a firm hand on the reins of management
having six executives in the new facility
augmented total growth and the new facility
strength of administration for the new facility
management.

2/1 - Assistant to the President
functional organization of the new facility
president. This is a new position in the
Company adherence to the principles of the
company has several major areas of responsibility
is usually required to handle the new facility
be advisable to consult with the new facility
The employment of the new facility for the new facility
but with the new facility for the new facility
is qualified, the new facility for the new facility
of the company for the new facility for the new facility

2/2 - Survey of all levels of management
several years of experience in the new facility
outsiders in order to have a better understanding
to management with the new facility for the new facility
2/3 - Survey of all levels of management
2/4 - Survey of all levels of management

2/5 - Survey of all levels of management
2/6 - Survey of all levels of management
2/7 - Survey of all levels of management
2/8 - Survey of all levels of management

assistants to maintain a close, although less personal, touch with the employees.^{1/}

Vigilance will need be preserved to prevent the development of friction within the higher echelon of management. The three assistants mentioned above have president-assigned duties which encroach on the responsibilities --(this watchdog supervision may promote unnecessary tensions)-- of other executives. The first assistant serves as a liason between the president and the engineering department. The second assistant performs special duties which are assigned by the president. The third assistant, together with the executive vice-president perform duties previously handled by the general commercial manager.^{2/}

No matter when or where changes in functional procedures are made, management takes the calculated risk of inviting discord. The Public Service Company, through its president, has been equal to the challenge in the past and there is no reason to expect that it will not in the future. The realignment of the functional organization is another indication of the awareness of command to the inescapable product of corporate development.

^{1/}Ireson and Grant, op. cit., pp. 18-21.

^{2/}Administrative Letter No. 119 superceded policy function and organization procedures of Administrative Letter No. 110, under which the general commercial manager enjoyed executive status for his homogeneous departments. The general commercial manager still directs some of these assignments but without his direct executive position.

assistants to make it a class of work, and to deal with the employees.

Vision will result in a new way of thinking, and a new way of doing things.

The three assistants mentioned in the preceding paragraph are the ones who will be responsible for the execution of the plan.

dog supervision is a very important part of the work of the executive.

The president of the company is the one who is responsible for the overall management of the company.

assistant manager is the one who is responsible for the day-to-day management of the company.

general control is the one who is responsible for the overall control of the company.

No matter what the nature of the work, the executive must be able to handle it.

one side, management takes the initiative in the work, and the other side, the work itself, is the result of the management.

disorder. The whole system is in a state of confusion, and the work is not being done properly.

has been used in the past, and the result is that the work is not being done properly.

reason to expect that it will not be the same. The result is that the work is not being done properly.

ment of the functional organization is not a new thing. It is a very old thing, and it has been used in the past.

the awareness of control is the key to the success of the organization. It is the key to the success of the organization.

corporate development.

Vision and Control

Administrative

Organization

for his position

still directs

executive

Senior vice president.-- This office, under the direction of the president, is responsible for the several engineering functions, which include; power production, power plant construction and water departments, in addition to administrative and staff services.^{1/} Each of the above sections has its respective plenary operating personnel. A previously-referred-to presidential assistant reports to the president on certain engineering activities performed by this office.

Secretary-Treasurer.-- The secretary-treasurer has direct responsibility for treasury and accounting functions, in addition to secretarial duties under the direction of the president and the board of directors.^{2/}

With the exception of the president, this office has the most extensive control of any single office within the Public Service Company. Considering the size of the company the responsibilities exceed the usual standards for the office.^{3/} The office is vested with both internal and external financial matters; the former dealing with the planning, coordination and control of the income and expenses connected with the operation of the business, and the latter concerns financing of all kinds from outside sources, together with the handling of investments.

^{1/}D. W. Reeves, Administrative Letter No. 119, May 5, 1959.

^{2/}Loc. cit.

^{3/}Lawrence L. Bethel, Franklin S. Atwater, George H. E. Smith Harvey A. Stackman, Jr., Essentials of Industrial Management, McGraw-Hill Book Company, Inc., New York, 1954, p. 50.

✓The secretary-treasurer's associations with the president and the board of directors assists the secretary-treasurer in keeping abreast of company planning and programming. ✓The data compiled by his office provide further knowledge which may be unavailable to other officers. ✓

The position of the secretary-treasurer in the Public Service Company, though broader in scope, is reflective of corporate management as a whole. "The (treasurer) has been referred to by many people as the right hand of management, and the chief advisor on all financial affairs."^{1/}

Executive vice-president.-- Under the direction of the president, the executive vice-president has responsibility for all activities within all divisions of the company, excluding matters in connection with power production and treasury and accounting.^{2/} He is also responsible for coordination between executive staff officers and division managers on all matters. His direct responsibility consists of the departments of systems engineering and general commercial, plus the direction of sales and advertising activities. Along with the president's director of information, he develops and follows the overall public relations program.

As detailed by Ernest Dale the functional organization is designed to promote specialization and to encourage the

^{1/}Bethel, Atwater, Smith and Stockman, op. cit., p. 362.

^{2/}D. W. Reeves, Administrative Letter No. 119, May 5, 1959.

The secretary is a woman's association with the president
and the board of directors against the corporation's interest in
keeping abreast of business conditions and management. The
company by his office review the financial records and
be unavailable to other officials.
The position of the secretary is to be the
Service Company, through which the company's affairs are
corporate management as a whole. The secretary is
referred to by many as the right hand of management,
and the chief adviser on all financial matters.
Executive vice-president - Under the direction of the
president, the executive vice-president is responsible for
all activities within his division of the company, including
matters in connection with sales promotion and research and
accounting. He is also responsible for coordination with the
executive staff officers and division managers in all matters.
His direct responsibilities consist of the following:
systems engineering and general management, the development
of sales and advertising policies. Along with the president
director of information, he develops and follows the overall
public relations program.
As detailed by Ernest G. B. The executive organization
is designed to promote coordination and to make possible
Vice President, Sales and Marketing and
Vice President, General Management and Finance

placing of experts for the management and direction of each office.^{1/} With the diversified range of duties (public relations to engineering) assigned the executive vice-president, the functional organization within the Public Service Company is put to a severe test. To require of one individual the essentials of a trained public relations director in addition to advertising and sales is to require a considerable talent. The further inclusion of the heterogeneous functions of engineering and commercial management demands a paragon of specialized efficiency.

3. Functional Committees

The use of committees is becoming "increasingly characteristic of American management...."^{2/} Committee existence is most common in companies which have experienced rapid growth, and their number is roughly proportionate to company size.

To obtain positive results through committees it is essential that they meet the requisites as stated by Lawrence L. Bethel:^{3/}

"(a) The organization of a committee should grow out of a need that is recognized by representatives of the departments and the personnel affected."

^{1/}Ireson and Grant, op. cit., p. 17.

^{2/}Ibid., p. 31.

^{3/}Op. cit., pp. 18-19.

placing of experts for the purpose of conducting research in the office. With the introduction of the new system, the functional organization is being replaced by a departmental system, but to a certain extent, the functional organization is still being maintained. The further development of the functional organization is being hindered by the introduction of the departmental system. The functional organization is being replaced by a departmental system, but to a certain extent, the functional organization is still being maintained. The further development of the functional organization is being hindered by the introduction of the departmental system.

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Lawrence J. B. ...
The functional organization is being replaced by a departmental system, but to a certain extent, the functional organization is still being maintained. The further development of the functional organization is being hindered by the introduction of the departmental system.

"(b) The personnel of a committee should be representatives of the function and the personnel concerned and should represent variations in opinion among personnel."

"(c) Duties, authority, and responsibility must be clearly defined even if, owing to circumstances, they must be subject to change."

Committee function within the Public Service Company.--

The Public Service Company has four active committees; central planning, construction standards, engineering planning and apprenticeship.

The central planning committee.-- The central planning committee is composed of top management and was established to organize criteria and policies for guidance of future system planning work.^{1/} The central planning committee set up an engineering planning committee to help it achieve this goal. The committee may appoint other functional committees to include areas of decision-making where action now is often slow as a result of the previously discussed duplication of duties in management. A few of the programs which could be included are special purchase requisitions, special work order and retirements and the consideration of special expenses.

Such committee open-airing of pertinent subject matter would tend to maintain the alertness of officers to special problems and would also make them aware of the fact that their actions are being observed by men of equal stature.^{2/} This

^{1/}D. W. Reeves, Administrative Letter No. 68, August 25, 1954.

^{2/}William H. Newman, op. cit., pp. 494-496.

(b) The committee of a company should be composed of representatives of the function and the management concerned, and should request various information from the management.

(c) The committee should be composed of representatives of the function and the management concerned, and should request various information from the management.

Committee Function - The committee should be composed of representatives of the function and the management concerned, and should request various information from the management.

The Public Service Company has been in the business of planning, constructing, operating, and maintaining electric and

The central planning committee - The central planning committee is composed of the management and was established to organize efforts and policies for business planning and system planning work. The central planning committee set up an engineering planning committee to help it achieve its goal. The committee may not include all functional committees to include areas of decision-making which are in operation as a result of the previously discussed engineering planning duties in management. A few of the programs which are included are special business operations, special work order and retirement and the capital budget, special expenses.

Such committees are composed of representatives of the function and the management concerned, and should request various information from the management.

would tend to make the planning of the company more effective and would tend to make the planning of the company more effective and would tend to make the planning of the company more effective.

Dr. W. S. Healey, Administrative Director, Public Service Company

William H. Newman, Chairman, Public Service Company

does not suggest a dual subordination. The committee is an excellent medium for disseminating information and as such makes committee members aware of the need for synchronizing their efforts.^{1/}

Engineering planning committee.-- Composed of engineering and supervisory members, the engineering planning committee has an expansive and important function. Its functions include development of a long range engineering program, observation of programs underway to promote the making of necessary changes and modifications and making recommendations only after all economic factors have been explored.

The objective of the engineering planning committee is to "provide a program for the development of an electric power system, so it may evolve in an orderly and economic manner."^{2/} The committee works closely with any and all groups mutually interested in the program and the problems involved. Committee reports are referred to the president with recommendations.

The construction standards committee.-- The construction standards committee operates subject to approval of the senior vice-president.^{3/} No recommendations are submitted to him until all pertinent drawings and specifications are in order.

^{1/}William R. Spriegel, op. cit., pp. 499-500.

^{2/}D. W. Reeves, Administrative Letter No. 118, October 3, 1958.

^{3/}D. W. Reeves, Administrative Letter No. 92, August 15, 1955.

The principal function of the committee is to recommend construction practices and material standards. An important by-product of the committee is its elimination of the need for retaining substantial inventories in construction and other materials. Because agreement can be reached within the committee on the most desirable material and equipment available, suppliers can be advised of proposed needs. They in turn will maintain sufficient stocks. Periodic discussions with all suppliers, actual and potential, assures the committee of keeping abreast of all new developments.

In view of the effect, economic and construction, which their recommendations initiate, the construction standards committee is duty-bound to explore every aspect before submitting to management for approval.

Apprenticeship committee.-- The purpose of the apprenticeship committee is to "provide adequate training facilities and instruction for those employees engaged in occupations known as skilled crafts that require a diverse range of skills, knowledge and independence of judgement."^{1/}

The apprenticeship committee is composed of three members selected by the company and three members selected by the union. The company safety director is chairman. The committee holds regular quarterly meetings and may also hold special meetings by request of the chairman or committee secretary.

^{1/}Public Service Company-International Brotherhood of Electrical Workers, Agreement, March 1, 1959. See Appendix D.

MEMORANDUM

The principal purpose of this memorandum is to recommend

construction practices and standards for the

by-product of the committee is the development of the

for retaining structures, excavations and foundations

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Public Safety Committee

Workers, American

The duties of the committee are to formulate policies, administer and supervise the apprenticeship training program. Included in this broad description are the responsibilities of appraising, grading and approval and/or rejection of employees engaged in the apprenticeship program.

Summary.-- The fundamental structure of the management organization is sound - with emphasis on the general line prescribed by Ernest Dale.^{1/} Some deviation has been mentioned but the Public Service Company should not be expected to follow every principle of Ernest Dale. There are changes in organizational structures which must be dictated by conditions peculiar to the individual firm.

The over-all committee program, within the Public Service Company, is well organized and administered. Minutes are maintained of each meeting and copies of these are made available to all affected personnel.

Ample evidence is manifest of the company benefits obtained as a result of the recommendations originating from the several committees. ✓ The real value in the constructive activities of committees cannot be judged by their visible material service alone. The intrinsic values acquired through working "as a team" lends immeasurable support to increased company interest from all levels in the organization. ✓ Consideration of additional committee programs should be undertaken.

^{1/}Ernest Dale, Planning and Developing the Company Organization Structure, American Management Association, New York, 1952. p. 36.

CHAPTER IV

PERSONNEL POLICY

1. Personnel Administration

During the last several years many businesses decided for the first time that they needed a personnel director.^{1/} The Public Service Company joined this growing concern for better management and established a personnel office. This office is under the supervision of a staff official.^{2/} With the title of general commercial manager, the manager of the personnel department is superceded only by the president - thus affording an excellent executive position for the office. This innovation was analogous with accepted practice, i.e. "The personnel administrator should be a staff official, and he should report directly to the chief executive or the general management level of the organization."^{3/}

The company personnel department functions generally along the lines of accepted practice. The department

^{1/}Paul Pigors and Charles A. Myers, Personnel Administration, A Point of View and a Method, McGraw-Hill Book Company, Inc., 1956, p. 4.

^{2/}D. W. Reeves, Public Service Company, Administrative Letter No. 110, December 31, 1957.

^{3/}Paul Pigors and Charles A. Myers, op. cit., p. 17.

CHAPTER IV

PERSONNEL

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W. W. Rees, Public Service Company, Administrative Review, No. 110, December 31, 1937.

Paul Pigors and Charles A. Myers, op. cit., p. 17.

maintains the essentials of personnel procedure which Pigors considers as ideal.^{1/} These essentials are employment practices, employee orientation, employee benefits, employee services and employee rating.

We will now take a closer look at the procedural methods exercised in the Public Service Company.

Employment practices.-- The personnel department is responsible for the recruitment of new employees, but it does not hire applicants to fill vacancies.^{2/} When a vacancy exists within a department the supervisor submits a request to the personnel department. From the active file, employment agencies and through other media the personnel department selects suitable applicants. Subsequent interviews lead to a single applicant being sent to the requesting supervisor for further interview. By the prescribed form the supervisor notifies the personnel department of his acceptance or rejection of the applicant. This procedure was adopted to conserve the supervisor's time. The plan has been in effect for nine years and seems to be working very satisfactorily.

Upon acceptance of an applicant by both the supervisor and the personnel department, the personnel department proceeds with the applicant's physical examination appointment, the checking of references and other processes of orientation.

Orientation of new employees.-- Personnel memorandum

^{1/}Paul Pigors and Charles A. Myers, op. cit., pp. 14-23.

^{2/}Personnel Department, Personnel Memorandum, No. 2, Public Service Company.

maintains the essential character of the service which it provides. These are the principles which govern the practice, employee selection, employee benefits, employee services and employee relations.

We will now take a closer look at the personnel service which is exercised in the public service.

Employment Service.—The personnel department is responsible for the selection of new employees, but it does not hire applicants. All vacancies are filled within a department. The personnel department is responsible for the personnel department, from the public service, employee and employee and through other means the personnel department selects applicants. Subsequent interviews are held for the applicants being sent to the personnel department for further interviews. By the personnel department the supervisor notified the personnel department of his selection or rejection of the applicant. This procedure was adopted to ensure the supervisor's selection. The plan has been in effect for several years and seems to be working very satisfactorily.

Upon acceptance of an applicant by the personnel department and the personnel department, the personnel department for each with the applicant's official appointment is made. The checking of references and other matters of interest.

Orientation of new employees.—The personnel department is responsible for the orientation of new employees. The personnel department is responsible for the orientation of new employees. The personnel department is responsible for the orientation of new employees.

number 21 outlines the following responsibilities for the orientation of new employees:

"1) Management is responsible for the general support of the program."

"2) The personnel department is responsible for planning and coordinating and assisting supervisors to accomplish their part in the program."

"3) The personnel department and departmental supervisors are responsible for providing the necessary information to the new employee as required..."

"4) In divisions other than Albuquerque, division managers are expected to be responsible for full compliance with this memorandum."

The first phase of the orientation is carried out within the personnel department and includes such essential information as rules, regulations, employee benefits and general company information.

The final phase of the orientation is delegated to the employee's immediate supervisor. There is evidence that in this phase the orientation becomes hit or miss and does not progress to its objective. Contributing factors in this breakdown are variable, but can best be summarized as pressure of other duties and lack of interest on the part of the supervisor.^{1/}

^{1/}The lack of interest is not restricted to the supervisory level. The employee should hold sufficient job interest to inquire if and when he feels that an incomplete explanation of his particular assignment has been given. The supervisor has a great number of descriptions and explanations to give as part of the supervisor's phase of the orientation due to the many variations in assigned duties.

Service rating program of employees.-- The Public Service Company has an employee service rating program to assure the employee of recognition of satisfactory performance and to further assure that help in correcting unsatisfactory performance will be given when needed.

The rating procedure for employees is defined in personnel memorandum number 11, as follows:

"1) The employee's immediate supervisor should rate the employee and sign the rating sheet. The next supervisor in line should then review the ratings and if his rating is different from the immediate supervisor the changes should be shown in red ink and signed. The department head or division manager should then review the ratings and add his comments, if any."

"2) Each supervisor will inform the employees under his supervision when rating forms are being prepared and will inform them that each employee's rating sheet is available for him to see at any time, either at the place of the employee's job or at the personnel office."

"3) Any employee who is rated below average in any of the fifteen classifications shown on the rating form shall be called in by the supervisor, and his deficiencies will be called to his attention. Necessary help and counsel will be given to assist the employee in improving his performance."

Non-union employees are aware of the fact that promotions and demotions are made from a consideration of their rating in this program.^{1/}

The personnel office maintains a file of the rating sheets but is not included in the development or administration of the rating program. The responsibility rests where it should - with the supervisor.

^{1/}Appendix E.

Service rating system of employees - The rating system

Company has an employee rating system which is designed to measure the employee of recognition of a particular employee's performance and to further assure that help in correcting unsatisfactory performance will be given when needed.

The rating procedure for employees is as follows:
personnel management board will follow:

"1) The employee's supervisor or agent rate the employee on the rating sheet. The next supervisor in the chain of command rates the employee. If his rating is different from the immediate supervisor, the change should be noted on the rating sheet. The department head or division manager should then review the ratings and his comments, if any.

"2) Each supervisor will rate the employee under his supervision when that employee is rated. prepared and filed in the employee's personnel file. The rating sheet is available to the employee at any time either at the place of the employee's work or at the personnel office.

"3) Any employee who is rated below average in any of the fifteen areas listed on the rating form shall be called in by the supervisor and his deficiencies will be called to his attention. Necessary help and counsel will be given to assist the employee in improving his performance.

Non-union employees are given the same treatment and demotions are made from a reduction of their rating in this program.

The personnel office maintains a file of the rating sheets but is not included in the development and distribution of the rating program. The personnel office is where it should be with the supervisor.

Only in instances when a union-employee considers an injustice has been committed will management be involved directly in employee-supervisor disputes.^{1/}

"If the matter is not settled within 48 hours by the steward and department superintendent, it shall be reduced to writing and submitted to the business manager of the union and a vice-president of the Public Service Company. (They) shall select or appoint such assistants as they desire to assist in consideration of the matter."

Observation disclosed that careful adherence to the regulations of the rating program is obtained from supervisors and management. Those employees not covered by a union agreement are keenly interested in the Public Service Company's rating program, and they are also in favor of its continuance.^{2/} Their interest is enhanced by the importance of the rating program to their individual possibilities for future promotion.

Because union-employees are promoted and demoted through declarations in the company-union agreement they do not manifest a similar interest in the rating program. The union-employee resorts to his spokesman (shop steward) in those instances where discussions relative to promotion and/or demotion are involved.

^{1/}Public Service Company of New Mexico and International Brotherhood of Electrical Workers, op. cit., Article V, Sec. 3a.

^{2/}Approximately sixty per-cent of total employees are represented by union contract. These employees are from the electrical distribution, transmission and maintenance departments. All company employees receive pay increases, and other benefits, regardless of union representation. The present union-company agreement expires February 28, 1961.

Only in last reviewed 2 years - 1990 and 1991 -

injustice has been committed and has been

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Public Service Company of New York and New Jersey

Brotherhood of Electrical Workers, Local 100, New York, New York

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agreement expires. The state of the state of the state of the

This deviation in the total progress of a well organized and soundly administered rating program is not confined to the Public Service Company. Paul Pigors states that "worker and union opposition to this (rating) practice is growing."^{1/}

Opposition to the program does not, however, infer that steps should be made to abolish it. Rather, as in any democratic process, steps should be taken calculated to improve and strengthen the program. There is at least one good reason for maintaining a worker rating program. Its very existence is another indication to the employees that supervisors and management are interested in their efficiency - which in the long run is the common denominator for the employees rate of progress in the company.

From the preceding it is obvious that the writer considers the rating program as administered in the Public Service Company to be an essential part of management's concern and interest in the employee.

2. Employee Services

Paul Pigors states:^{2/}

"Management should offer employee services, not because they have to, not only with legal limits, and not as a camouflaged form of liberty, but because such services are in line with the whole personnel program."

Often considered as so called "fringe benefits," the Public Service Company's employee service program affords

^{1/}Op. cit., p. 234.

^{2/}Ibid., p. 334.

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steps should be made to eliminate it. Rather, as in any other

critical process, steps should be taken calculated to improve

and strengthen the program. There is at least one good

reason for maintaining a rating system. It is very

existence is another indication to the employees that management

visors and management are interested in their efficiency.

which in the long run is the common denominator for the

employee rate of progress in the company.

From the preceding it is obvious that the rating system

the rating program as administered in the Public Service

Company to be an essential part of management's concern and

interest in the employee.

2. Employee Services

Paul Pigon states:

"Management should offer employee services, not

because they have to, not only with legal rights, but

not as a compensated form of liberty, but because such

services are in line with the whole personnel program."

Often considered as so called "fringe benefits," the

Public Service Company's employee services program is

2/ibid., p. 33.

3/ibid., p. 33.

excellent insight into management thinking in respect to the employee. Few companies have the liberal benefits provided by the Public Service Company. A few of the employee services will be noted but not necessarily in order of their importance.

Education.-- As an incentive for increased employee efficiency, and thus company efficiency, the Public Service Company sponsors a number of educational programs.

The company reimburses a qualified employee for tuition and other expenses incurred while attending accredited universities and taking correspondence courses. The company also sponsors an apprenticeship training program.

The comprehensive advanced education program commences when the employee obtains his or her supervisor's approval and the final approval from management. A major requisite for approval is the ultimate benefit to the employee and the pertinency of the courses to his and the company business.^{1/} The provisions call for the total tuition costs of all approved courses to be paid by the company.

Since its inception in 1952 total applications for company sponsored education have totaled 189.^{2/} This amounts to nearly six per-cent of employees at any one time or thirty-eight per-cent of employees since the starting date. This represents an encouraging indication of employee interest in the

^{1/}D. W. Reeves, Personnel Memorandum, No. 3., December 29, 1951.

^{2/}Public Service Company of New Mexico, Annual Report, 1958, p. 6.

excellent insight into management thinking in regard to the
employees. Few companies have the liberal financial policies
by the Public Service Company. And, the quality of service
will be noted but not necessarily in terms of their importance.

Education -- as the incentive for their employees to
efficiency, and the company's policy of the Public Service
Company sponsors a number of educational programs.

The company maintains a qualified staff of employees for technical
and other experts. Included in this staff are accountants,
universities and technical correspondence courses. The company
also sponsors an apprenticeship training program.

The comprehensive advanced education program commences
when the employee obtains his or her apprenticeship certificate
and the final approval from management. A major requisite for
approval is the employee's ability to take responsibility and the
pertinency of the course to his or her company's interests.

The provisions call for the total tuition and all
approved courses to be paid by the company.

Since its inception in 1922, total application for
company sponsored education has totaled \$2,500,000. This amount

to nearly six percent of employees salary and is an
eight percent of employees since the starting date. This
represents an encouraging indication of employee interest in the

W. H. Reeves, Personnel Management, Inc., December 27, 1931.

Public Service Company of New Jersey, Annual Report, 1931.

opportunity to improve their position. The apprenticeship program also indicates company interest in assisting employees in other skilled crafts.

There have been instances when an employee, upon the completion of his company subsidized education, has resigned to accept other employment. The company has voiced its objections to such abuses of the program.

Employee group Insurance.-- Underwritten by the Equitable Life Assurance Society of America, the company provides a hospitalization and life insurance program. Total premiums for this program are paid by the company. During 1958 this coverage cost the company \$126,770.^{1/} All employees employed full time are included upon completion of six month's service, with the degree of coverage being determined by the base salary.

Retirement plan.-- Inaugerated in 1950, the company retirement plan included 351 voluntarily participating employees by the end of 1958.^{2/} The employee's contribution amounts to three per-cent of his annual base salary and the remaining sixty-eight per-cent of the plan's cost is paid by the company.

Every employee of the company who had completed three or more years of service on June 1, 1950, and who was between the ages of 64 and 25 was eligible to become a voluntary

^{1/}Public Service Company, Annual Report, 1958, p. 7.

^{2/}Loc. cit.

Public Service Company, Inc.

the ages of 64 and 65 are eligible to receive a retirement
more years of service to June 1, 1950, and the company
Every employee of the company who had completed three

the company.
remaining sixty-eight per cent of the plan's cost is paid by
amounts to three per cent of the annual total salary and the
employees by the end of 1950. The company's contribution
retirement plan included all employees participating
Retirement plan - The company's contribution to the company

with the degree of coverage being determined by the plan's
full time are included upon completion of the plan's service
coverage cost for the year 1950. The company's contribution
for this program is paid by the company. The plan is
a hospitalization and life insurance program for employees
sole Life Assurance Society of America, and the company's
Employee group insurance - The company's contribution to the plan

objections to cost sharing of the program.
to accept other employees. The company has no intention
completion of its company contribution program, and the plan
There have been instances where the company has been
in other skilled crafts.

program also indicated company intention to continue the plan
opportunity to improve their position. The company is

participant. Future employees will be eligible when they meet the entrance requirements for term of past employment and age. Each participating employee contributes three per-cent of his base salary.^{1/}

Normal retirement age under the plan is 65 years. When an employee is dropped from the payroll because of permanent sickness, total disability or incapacity, he will be given all the benefits that have been accumulated for him. The plan is administered by three company-named trustees and two employee-named trustees.

Safety program.-- A safety program, operated by employee safety committees and directed by a full time safety director, has been actively pursued by the company since 1952.^{2/}

Each of the five divisions has its own centrally controlled program. The divisions, or operating units, hold their own individual meetings and are responsible for designing their own program, in accordance with the general safety program, and is accountable for accident prevention within their unit.^{3/}

The general safety committee is composed as follows: three men selected by the company and three men selected by the represented union.^{4/} The safety director is a member and chairman of the general safety committee. The committee

^{1/}Public Service Company, Retirement Plan, 1950, Booklet.

^{2/}Public Service Company, Annual Report, 1958, p. 7.

^{3/}Public Service Company, Personnel Memorandum, No. 14.

^{4/}Public Service Company, Safety Manual, Booklet, pp. 6-10.

participant. Future employment will be in the same line as
meet the entrance requirements for the same position
and age. Each participating employee must be at least
percent of his base salary.

Normal retirement age under the plan is 65 years. When
an employee is injured, the period of disability is
sickness, total disability, temporary, or permanent.
all the benefits that have been established for the plan.
plan is administered by the employee's association. The
employee-named trustee.

The Safety Program - The safety program is a voluntary
safety committee and a safety program. The safety program
has been actively engaged in since 1952.

Each of the five divisions has a safety committee. The
program. The division is responsible for the safety
individual meetings and are responsible for the safety
own program, in accordance with the safety program
and is accountable for the safety program.

The general safety committee is composed of
three men selected by the employees. The safety committee
the represented units. The safety committee is
chairman of the general safety committee.

- 1/ Public Service Company, Portland, Oregon
- 2/ Public Service Company, Portland, Oregon
- 3/ Public Service Company, Portland, Oregon
- 4/ Public Service Company, Portland, Oregon

formulates, regulates and administers the rules and regulations of the program. In addition it directs the appointments for sub-committees in each operating unit.

Unit safety meetings, composed of all members within the unit, are held at least once each month on a compulsory attendance rule.

A decline of better than 93 per-cent in disabling injuries since the program was started is an inspiring indication of the success of the program.^{1/} The Public Service Company now has an accident rate about equal to the electrical industry average.

Recreation program.-- The company encourages employee participation in organized recreational activities and supports such enterprise by assisting in the major portion of the expenses involved.

3. Labor-Management Relations

Management is either restricted or abetted in the carrying out of their policies, no matter how forthright and noble, by the personnel employed to actuate its policies. The Public Service Company has in most respects a well administered policy in industrial relations.

A vital segment, if indeed it is not a whole, of the industrial relation function is the relation of Public Service Company management to organized labor. The study of labor-management relations, even within the comparatively

^{1/}Public Service Company, Annual Report, 1958, p. 7.

formulated, regulated and administered by the Board of Directors of the Corporation. The Board is authorized to appoint a sub-committee to study the problem of the Corporation's financial position and to report thereon to the Board. The sub-committee is authorized to hold such public hearings as it may deem necessary and to make such recommendations as it may deem proper. The Board is authorized to take such action as it may deem proper in connection with the foregoing.

Recruitment program.—The Corporation is authorized to participate in organized recruitment and training programs and to support such programs by contributing to the expenses thereof of the expenses involved.

2. Labor-management relations.—The Corporation is authorized to carry out of their policies, as to labor-management relations, by the Board of Directors, and to take such action as it may deem proper in connection with the foregoing. The Public Service Company is authorized to administer policies in labor-management relations.

A vital segment of the Corporation's business is the industrial relation function. It is the policy of the Corporation to maintain a close working relationship with the industrial community. The Corporation is authorized to take such action as it may deem proper in connection with the foregoing.

Public Service Company, Limited.—The Corporation is authorized to take such action as it may deem proper in connection with the foregoing.

small Public Service Company, deserves a comprehensive coverage. Such a study would involve labor-Public Service Company contact at three levels - organization level, agreement-negotiation level and at the employee-grievance level. It would also develop the effect of labor laws at the federal and state level on labor-management relations within the Public Service Company. Such laws would include: Copeland Law, Walsh-Healey Public Contracts Act and the Taft-Hartley Act as enacted in 1947. Obviously, such an encompassing study exceeds the intent and purpose here.

Public Service Company-Union agreement.-- Those employees of the Public Service Company engaged in the construction, operation and maintenance of the electric facilities are represented in employee-management negotiations by the International Brotherhood of Electrical Workers, AFL-CIO. Agreements reached in these negotiations also apply to allied employees within the water department, in addition to a limited number of related job classifications.^{1/} The agreement specifies a union shop, all employees within the jurisdiction of the agreement being required to hold membership in the Local Union No. 611 as a condition of employment. Public Service Company management has, as a matter of policy, granted equal adjustments of wages and benefits to other departmental employees when adjustments have been made for

^{1/}Appendix D.

Small Public Service Company, which is a non-union company. Such a study would involve a comparison of the company at three levels - management, supervisory, and operative level and at the union-management level. It would also develop the effect of labor laws at the federal and state level on labor-management relations within the company. Company. Such laws would include: National Labor Relations Public Contracts Act and the Fair Labor Standards Act. 1947. Obviously, with an employer study within the labor and purpose here.

Public Service Company - a union company - These are of the Public Service Company engaged in the construction operation and maintenance of the electric facilities and represented in employee-management negotiations by the International Brotherhood of Electrical Workers (I.B.E.W.). Agreements reached in these negotiations with company and allied employees within the same industry in addition to a limited number of related to electrical industry. The agreement specifies a union shop, all employees, after the jurisdiction of the company is transferred to the union, ship in the local union No. 44 as a condition of employment. Public Service Company management has a number of union granted equal adjustment of wages and benefits to other departmental employees when adjustment is made for

those employees that are directly covered by union-management agreement.

Harmony.-- The Public Service Company and the represented Union have amicably negotiated all previous contracts, thus resulting in apparent harmonious management-labor relations. This also indicates the existence of equal wages and benefits in other industries represented by the International Brotherhood of Electrical Workers, Local Union No. 611. This apparent harmony testifies to the eagerness of management to maintain employee relations at a level that will assure continuity of employment as well as accent an effective public relations program.

4. Results of the Total Personnel Policy

The individual employee is the foundation of any and all business organizations. Hence, it is demanded of management that they strive to make the employee an integral part of the over-all company program. This "partnership", which enhances company operational efficiency, can be evidenced by: (a) employees "in the know" about the company's business success and future, (b) recognition of employee ambition and ability, and (c) a reasonable degree of security for employees.^{1/}

A look at how the Public Service Company measures up to these requisites is in order. The monthly company publication,

^{1/}Lawrence L. Bethel, op. cit., p. 262.

Reddy Notes, is designed to provide employees with an understanding of the company as a whole. Reddy Notes stimulates the "team" feeling in spite of the geographical impediment in the expansive service area. Containing news items and information of interest to both the employee and his family stimulates the family interest in the employee and his work. This discussion is not meant to imply that Reddy Notes is the only means of communication with the employee. President's letters, quarterly and annual reports, company pamphlets, committee and interdepartmental meetings are mentioned elsewhere in this study.

The advanced education and training program encourages the employee's interest and ability to increase his or her promotional capabilities.

The health and welfare programs sponsored by the Public Service Company, and paid by the company or mutually with the employee, are additional incentives for increased employee concern for company progress.

Periodic offerings of stock, slightly below market price, provide employees with the opportunity to share in the company's progress and creates a natural desire to contribute to company success. ✓

Indication of success.-- The Public Service Company-employee and the employee-Public Service Company en rapport can be appraised by the employee's desire to remain with the company, as compared to statistics available from other sources.

Body Notes is designed to provide an opportunity for the
attending of the company as a whole. Body Notes is a
the "team" feeling is quite of the "team" feeling in the
in the expansive service area. The feeling is the
information of interest to both the company and the
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This discussion is not meant to imply that Body Notes
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employee concern for company progress.

Periodic offering of stock, which is done before the
provide employees with the opportunity to own the company
company's progress and creates a sense of feeling in the
to company success.

Indication of success - The Public Service Company
employee and the company - Public Service Company and the
can be appreciated by the employee's interest in the
company, as compared to other companies.

For the first five months of 1959 the average number of employees in the Public Service Company was 586, and during this period total separations amounted to 66. The separation rate for this period is, therefore, 2.52.^{1/}

During this same period (first five months of 1959) a sampling of 83 per-cent of total employment in gas and electric utilities in the New Mexico area disclosed a separation rate of 2.12.^{2/} This separation rate for the New Mexico area includes many small communities where turn-over is low whereas Public Service Company's major operation is in Albuquerque. Public Service Company employs more construction and seasonal workers than many small companies included in the average.

The above figures indicate that the Public Service Company does not have as favorable a separation ratio as their over-all program would justify. It is apparent that the Public Service Company should undertake an intensive study of their present program with the emphasis on making further improvements.^{3/}

1/Mr. Billeck, Personnel Department, Public Service Company, Interview, July 15, 1959.

2/Labor Statistics Division, New Mexico Employment Security Commission, Monthly Tabulation, Oral Report, July 20, 1959.

3/As this study is being completed the Public Service Company is conducting such a program. A private consulting firm is conducting a series of intensive courses for selected supervisory personnel. They consist of lecture and correspondence lessons. A facet of this program is concerned with the several areas of employee relations. The course is designed to teach human factors in administration.

CHAPTER V

REGULATION

The Public Service Company performs an essential public function while operating as a privately owned corporation. The public function is a result of its fundamental importance to the community and the position it holds as a monopoly. This monopoly position, combined with public need, makes the Public Service Company public in character and different from ordinary business or industry. Often overlooked are the economic and physical conditions which have created the climate for this type of business organization.

To permit two, three or four different utility firms to serve a city would be to confine the city in an aerial and subterranean labyrinth of wires and conduits. The multiple lawsuits over rights to private and public domain would be equally awesome.

✓ The parallel economic factor is also understandable. Utility services are normally supplied under conditions of decreasing cost. In addition, the cost of a service when three competitive companies with their many units supply it, is greater than if only one company supplies it. Over a

The Public Service Commission has been created to regulate the public utility industry. Its function is to protect the public interest by ensuring that the public utility companies provide service at reasonable rates and in a safe and efficient manner. The commission has the authority to set rates, issue licenses, and enforce regulations. It is composed of representatives from the public and the utility industry. The commission's decisions are subject to review by the courts. The public service commission is an important part of the government's regulatory framework. It helps to ensure that the public utility industry operates in a fair and equitable manner. The commission's work is essential for the protection of the public interest. The public service commission is a key institution in the public utility industry. It plays a vital role in ensuring that the public receives the services it needs at reasonable costs. The commission's actions are crucial for the stability and efficiency of the public utility sector. The public service commission is a model of effective government regulation. It demonstrates how government can successfully oversee a complex industry. The commission's success is a testament to the power of public oversight. The public service commission is a source of pride for the government. It is a symbol of the government's commitment to the public good. The commission's work is a testament to the government's ability to protect the public interest. The public service commission is a key institution in the public utility industry. It plays a vital role in ensuring that the public receives the services it needs at reasonable costs. The commission's actions are crucial for the stability and efficiency of the public utility sector. The public service commission is a model of effective government regulation. It demonstrates how government can successfully oversee a complex industry. The commission's success is a testament to the power of public oversight. The public service commission is a source of pride for the government. It is a symbol of the government's commitment to the public good. The commission's work is a testament to the government's ability to protect the public interest.

period of time, unit cost decline to such a point that the business becomes a monopoly from the economic outcome of the basic laws of supply and demand.^{1/} It is safe to assume that with a utility competition is either physically or financially impossible and publicly undesirable.^{2/} These factors, then, contribute toward making the Public Service Company what is called a natural monopoly.

In other business enterprises it is competition that affords the stimuli in determining the efficiency and the economy of management. These stimuli in turn are influenced by the laws of supply and demand.

To effect a quasi-competitive condition, federal and state regulatory agencies have been established. ✓

New Mexico Public Service Commission.— The management of the Public Service Company is expected by its stockholders to provide a reasonable return on their investment. To this end the management works to acquire the regulatory action which will result in savings and/or increased earnings.

✓ Whenever all available data indicate that expenses have increased to a level that justifiably calls for an increase in consumer prices, this and related information is compiled, and a request for rate increase is made with the New Mexico Public Service Commission. The Commission is

^{1/}C. Woody Thompson and Wendell R. Smith, op. cit., pp. 88-91.

^{2/}John Bauer, Transforming Public Utility Regulation, Harper and Brothers Publishers, New York, 1950, p. 5.

period of time, until such time as the business becomes a monopoly, and the basic laws of supply and demand, that with a utility company, financially impossible and socially undesirable factors, then, contribute to the public service. Company what is called a natural monopoly.

In other business enterprises it is recognized that efforts the attempt to determine the of industry and the economy of management. Hence a goal is to be achieved by the laws of supply and demand.

To effect a quasi-monopolistic condition, the state regulatory agency have been established.

New Mexico Public Service Commission—The purpose of the Public Service Company is regulated by the state to provide a reasonable return on their investment, and the management works to achieve the regulatory action which will result in a fair and honest management. Whenever all available data indicate that a company

have increased their rates, the Public Service Commission increase in consumer prices, and related information is compiled, and a request for rate increase is made with the New Mexico Public Service Commission. The Commission is

W. W. Woody, Chairman and President, Public Service Company of New Mexico
John Bauer, Treasurer, Public Service Company of New Mexico
and Brothers Publishers, New York, New York.

obligated to study this data with the avowed purpose of determining rates that are "just and reasonable".^{1/} This declaration of purpose is so vague that it might be questioned. ✓

✓ The Public Service Company, together with other regulated utilities, is not given sufficient information from which it can make long term plans with any justification for cause. This is due to the fact that politically seasoned commissioners use such inept standards as "splitting the difference" for proclaiming their decisions as just and reasonable.^{2/} ✓

Placing the burden of proof on the utility without pre-determined yardsticks is unreasonable. The commission should have a set of rules which spell out acceptable rate bases. An essential supplement to this is that the consumer, without an organized voice, is also placed in an untenable position.

Regulation by legislation.-- In the tradition of Democracy it is expected that business and business men take an active interest in the legislative affairs of the municipal, state and federal governments. Without participation and/or representation of the so-called "special interests" the powers of government would cease to be representative. There is sufficient evidence to indicate a need for even a greater

1/New Mexico Public Utility Act, July 13, 1941.

2/Vicente Trevino Ximenes, Natural Gas in New Mexico, Bureau of Business Research, University of New Mexico, 1954, p. 44.

representation of special interests in order that adequate counter-balance be achieved. The view is accepted here that the danger is not of too many special interests but of too few, and the need is to organize for the common interest of the majority.

✓ In his discussion of the problems related to the control of operating costs Bauer considers public relations as an unnecessary addition to the management of a public utility.^{2/} "Publicity and public relations expense should be rigorously limited so as to preclude unwarranted efforts to influence public opinion, legislation and regulation." His conclusion is that the regulatory agencies should disallow the inclusion of the expenses incurred in publicity and public relations as recognized operating expense for rate-making purposes. ✓ The fact that Bauer discusses the activities incumbent with public relations in a public utility suggests the extensive use of public relations activities by utility firms.

This activity has been an important component of the internal organization of the Public Service Company. The Director of Information and the Executive Vice-President have equal participation in this function - under the direction of the President.

1/Richard Hofstadter, The American Political Tradition, selected from a statement attributed to Woodrow Wilson, Alfred A Knopf, New York, 1948, p. 250.

2/Op. cit., pp. 236-267.

✓ Exploratory research was made to determine the legislative action which affected in a general way the Public Service Company of New Mexico.^{1/} This research did not attempt to investigate or to determine the intent of any individual or group to obtain favorable legislation, since such information could be construed as hearsay. Only measures which were duly passed and became law upon the signature of the Governor were considered. ✓

Three laws have been enacted by the State Legislature which do affect the Public Service Company.

1. The first and most important was the enactment of the New Mexico Public Utility Act which placed all privately owned electric, gas, water and steam utilities in New Mexico (Municipal utility firms could voluntarily accept the jurisdiction) under the jurisdiction of the New Mexico Public Service Commission, effective July 13, 1941.^{2/}

2. The 1959 New Mexico Legislature amended portions of the New Mexico Emergency School Tax Act. In so doing it caused the exemption of sales of water, gas and electricity to the United States Government, its departments or agencies from the provisions of the New Mexico School Tax Act.^{3/}

1/New Mexico Public Service Commission, and New Mexico Legislative Council.

2/Albert Schubert, New Mexico Public Service Commissioner, Letter, dated, June 23, 1959, Santa Fe, New Mexico.

3/Carl Folkner, Director, School Tax Division, Bureau of Revenue, Memorandum, dated, May 7, 1959.

Exploratory research has been made in connection with legislative action which is being taken in a general way by the Public Service Company of New Mexico. It is not an attempt to investigate or to determine the effect of any individual or group to obtain favorable legislation since such information could be detrimental to the company. Measures which have been taken and which are being taken in connection with the signature of the Governor are being considered.

Three laws have been enacted by the New Mexico Legislature which do effect the Public Service Company.

1. The first and most important law is the New Mexico Public Utility Act, which was enacted in 1935. This law is owned electric, gas, water and sewer utilities in the State (Municipal utilities and public utilities). It is under the jurisdiction of the Public Service Commission, which was created by the Public Service Commission Act, effective July 1, 1935.

2. The 1935 law also provides for the creation of a Public Service Commission of the New Mexico Legislature. It is the duty of this Commission to cause the execution of the law and to report to the Legislature on the progress of the law.

3. The 1935 law also provides for the creation of a Public Service Commission of the New Mexico Legislature. It is the duty of this Commission to cause the execution of the law and to report to the Legislature on the progress of the law.

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New Mexico Public Service Company
 Legislative Committee
 2/Albert Schmitt, Jr., Chairman
 Letter, dated June 10, 1935, to the
 2/Carl Folmer, Secretary, New Mexico
 Revenue, Department of Finance, June 10, 1935.

✓ 3. The 1959 New Mexico Legislature also provided for the reimbursement of costs incurred by utilities in the relocation of utility fixtures when necessitated for the purpose of improved public highways.^{1/} The act specifically declared that the New Mexico Highway Department would be the determining body in claims for reimbursement, and to include such expenditures in the accumulated costs of highway construction. ✓

The declarations for the enactment of these laws and the possible counter declarations are not considered a part of this study.

^{1/}New Mexico State Legislature, House Bill No. 246, dated, April 2, 1959.

3. The 1959 New Mexico State Legislature declared that the New Mexico Highway Department, in the purpose of improved public highway, should declare that the New Mexico Highway Department, in the determining body in the highway department, include such expenditures in the highway department highway construction.

The declaration for the purpose of the highway department, the possible counter and construction of highway department of this study.

CHAPTER VI

FINANCIAL POLICY

In the last analysis it is the all-mighty dollar that determines whether management is effective. It is possible to have a corporation with a seemingly smooth organization and yet be lacking in the essential ingredient for stability, which is, a solid financial policy.

The preceding chapters have, for the most part, illustrated a sound, progressive program within the Public Service Company. A candid review of the Public Service Company's internal and external financial policy, with its relationship to the consumer and the investor, are an integral part of this study.

External finance.-- External finance plays an important role in the over-all financial picture of the Public Service Company. (This does not preclude a similar importance for all corporate firms.)

✓ The Public Service Company, in the course of normal operations, requires substantial amounts of money to meet past and current obligations as well as future contingencies. In order to do this the management must raise money. As a

CHAPTER IV
THEORY OF THE
FIRM

In the last chapter, it was pointed out that the firm is a social institution that is characterized by a set of relationships between its members. It is possible to have a firm that is not a legal entity, but which is an organization and yet is not a firm. The firm is a social institution for stability, which is a social institution. The preceding chapter, however, was not a firm. It illustrated a social, economic, and legal institution. Service Company. A social institution is a firm. Company's internal and external relationships to the firm. The firm is an integral part of the firm. External firm. The firm is a social institution. Role in the overall firm. Company. (This chapter is a firm. All corporate firms.) The Public Service Company. The firm is a social institution. operational, political, and social. past and current relations. In order to do this, the firm is a social institution.

corporation it has not one, but two, sources from which it may acquire necessary funds. It raises money by borrowing on the issuance of bonds, which is known as long-term debt; in addition it can raise funds through the sale of stock. A utility has a third potential source for raising money. By commission approval it can increase consumer rates on the arbitrary assumption of future costs.

To make and keep a sound financial policy requires the accounting records of the Public Service Company to be openly favorable, because, not unlike personal finance, it is the past record and present financial picture which determines the availability of borrowable money and the conditions under which it can be acquired. To completely cover the complicated detail that goes into formulating the criteria for a sound financial structure would be impractical in this study. There are, however, basic ingredients which go a long way in this determination.

Proper capitalization.--- No fixed rule of proper capitalization is available. There is, however, general agreement that regards proper capitalization as a "compromise between the extremes of 100 per-cent bonds and 100 per-cent stocks."^{1/} The higher the percentage of stocks the greater the corporate stability during periods of business recession. Glaeser explains this by saying, "....while borrowed capital must be

^{1/}Thompson and Smith, op. cit., p. 127.

corporation it has not only the right to issue stock but it

may acquire necessary funds to make necessary investments

on the issuance of bonds which is known as corporate bonds

in addition it can raise funds for the purchase of stock

A utility has a third potential source of funds, namely

By commission approval it may increase common stock and

the arbitrary assumption of future profits

To make and keep a sound financial policy requires the

accounting records of the public service company to be kept

favorable, because, not only the record is made, it is also

past record and present financial picture which determines

the availability of borrowable money and the credit rating under

which it can be borrowed. In addition, it is a public record

detail that goes into the rating of the company and is a factor

financial structure would be a factor in the rating of the company

There are, however, financial statements that are a long way

in this determination.

Proper capitalization — the first of the factors

capitalization is available, there is always general

agreement that regard to capitalization is a company's

between the extremes of 100 percent bonds and 100 percent

stocks. The higher the percent of stock the greater the

corporate stability during periods of business recession. This

explains this by saying, "The higher the percent of stock the

Thompson and Smith, op. cit., p. 121.

repaid, stockholder's capital may not be collectively withdrawn so long as the concern preserves its legal life."^{1/}

✓ In the case of public utilities, where the risk is recognized as less, it is reasonable to accept a fifty per-cent stock and fifty per-cent bond ratio as approaching the ideal capitalization.

✓ Position of Public Service Company.--- The table on the following page shows that the Public Service Company has been fluctuating between a 31 per-cent total stocks - 69 per-cent funded debt and a more desirable 48 per-cent total stocks - 52 per-cent funded debt capitalization ratio. Not shown in the table is the addition of another \$5,386,500 in preferred stock resulting from an offering in March 1959.^{2/} ✓ This accumulation makes the present ratio 47 per-cent total stock and 53 per-cent funded debt, which is a notable improvement in the capital structure over the 1958 figure shown in the table. By the same token, the present structure will permit additional corporate indebtedness in long-term financing (funded debt) without markedly deviating from the aforementioned ideal capital structure.

Preferred stock.--- The above computation on stock represents the total accumulated-preferred plus the common stock. There is considerable justification for considering

^{1/}Op. cit., p. 386.

^{2/}Public Service Company, Prospectus, 1959, p. 1.

regard, stockholder's capital may not be collectively with-

drawn so long as the concern preserves its legal life. ²¹

In the case of public utilities, where the risk is recognized as less, it is reasonable to accept a fifty per-cent stock and fifty per-cent bond ratio as approaching the ideal capitalization. ²²

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Preferred stock. — The above comparison on stock and

represents the total accumulated preferred plus the common stock. There is considerable justification for considering

²¹ Vol. 11, p. 386.

²² Public Service Company, Prospectus, 1929, p. 1.

Table 2. PUBLIC SERVICE COMPANY OF NEW MEXICO

Capitalization and Capitalization Ratios

As of December 31,

	1958	1957	1956	1955	1954	1953	1952	1951	1950
<u>Capitalization</u>									
<u>Long Term Debt:</u>									
First Mortgage Bonds	\$ 28,284,000	\$ 17,582,000	\$ 17,770,000	\$ 17,958,000	\$ 18,116,000	\$ 15,274,000	\$ 12,892,000	\$ 11,460,000	\$ 10,028,000
Sinking Fund Debentures	5,646,000	5,898,000	6,150,000	6,388,000	6,626,000	6,850,000	7,000,000	3,000,000	3,000,000
Bank Loans	-	-	-	-	-	-	-	-	-
Other Long Term Debt	399,631	442,512	485,407	531,908	569,702	606,662	243,008	252,810	192,712
Total Debt	\$ 34,329,631	\$ 23,922,512	\$ 24,405,407	\$ 24,877,908	\$ 25,311,702	\$ 22,730,662	\$ 20,135,008	\$ 14,712,810	\$ 13,220,712
Preferred Capital Stock	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	\$ -
<u>Common Equity:</u>									
Common Capital Stock	\$ 9,722,840	\$ 9,259,850	\$ 8,261,390	\$ 8,166,065	\$ 7,755,765	\$ 6,925,460	\$ 6,925,460	\$ 4,241,846	\$ 4,241,846
Premium on Common Stock	3,902,952	3,902,952	2,225,477	2,084,873	1,560,715	519,408	519,408	-	-
Surplus, Capital and Earned	5,762,308	5,039,719	4,224,856	3,451,391	2,917,433	2,448,459	2,206,587	3,511,495	3,178,765
Earned Surplus Restricted for Future Taxes on Income	2,501,363	2,053,765	1,539,801	1,025,307	510,990	195,857	27,295	-	-
Total Common Equity	\$ 21,889,463	\$ 20,256,286	\$ 16,251,524	\$ 14,727,636	\$ 12,744,903	\$ 10,089,184	\$ 9,678,750	\$ 7,753,341	\$ 7,420,611
Total Capitalization	\$ 59,219,094	\$ 47,178,798	\$ 43,656,931	\$ 42,605,544	\$ 41,056,605	\$ 35,819,846	\$ 29,813,758	\$ 22,466,151	\$ 20,641,323
<u>Capitalization Ratios</u>									
<u>Long Term Debt:</u>									
First Mortgage Bonds	47.76	37.27	40.70	42.14	44.12	42.64	43.24	51.01	48.58
Sinking Fund Debentures	9.54	12.50	14.09	14.99	16.14	19.12	23.48	13.35	14.54
Bank Loans	-	-	-	-	-	-	-	-	-
Other Long Term Debt	.67	.94	1.11	1.26	1.39	1.69	0.82	1.13	0.93
Total Debt	57.97	50.71	55.90	58.39	61.65	63.45	67.54	65.49	64.05
Preferred Capital Stock	5.07	6.36	6.87	7.04	7.31	8.38	-	-	-
<u>Common Equity:</u>									
Common Capital Stock	16.42	19.63	18.92	19.17	18.89	19.33	23.23	18.88	20.55
Premium on Common Stock	6.59	8.27	5.10	4.89	3.80	1.45	1.74	-	-
Surplus Capital and Earned	9.73	10.68	9.68	8.10	7.11	6.84	7.40	15.63	15.40
Earned Surplus Restricted for Future Taxes on Income	4.22	4.35	3.53	2.41	1.24	0.55	0.09	-	-
Total Common Equity	36.96	42.93	37.23	34.57	31.04	28.17	32.46	34.51	35.95
Total Capitalization	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Note: Capitalization excludes debt due within one calendar year.

Source: Public Service Company, Statistical Review, 1949-1958, pp. 9-10.

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(as does the writer) the cumulative-preferred stock with funded debt. To qualify this opinion it is necessary to define the real nature of preferred stock.

In reality, preferred stock because of its fixed claim on dividends, lack of voting rights (except in unusual conditions), redemption rights and liquidation rights does not resemble stock. If it is not considered as stock - it must be considered with funded debt, with the special restrictions and special privileges associated with holders of bonds or funded debt. As an example - the corporate charter of the Public Service Company grants to holders of cumulative-preferred stock the pre-emptive right of non-risk.^{1/} In other words, should the Public Service Company liquidate its assets at any time and for any reason such holders would realize full payment of par value plus accrued dividend payments plus interest - a prior settlement to any other stock holdings. This special privilege alone clearly determines the real nature of cumulative-preferred stock.

If this opinion is accepted then the capital structure of the Public Service Company at the present time is 66 per-cent funded debt (combined long-term debt and preferred stock) with 34 per-cent common stock and common stock equity. The future prospects for the Public Service Company would then

^{1/}Public Service Company, Prospectus, 1959, pp. 7-9.

(as does the writer) the cumulative nature of the
funded debt. To qualify this statement it is necessary to mention
the real nature of preferred stock.

In reality, preferred stock is not a debt. It is a security
dividend, lack of voting rights, except in special cases, and
redemption rights and liquidation rights are associated
with it. If it is not considered as such - it must be paid out
with funded debt, with the capital and interest on the debt.
Privileges associated with holders of funded debt are not
an example - the corporate charter of the Public Service Company
grants to holders of cumulative preferred stock the right of
negative right of non-vote. The Public Service Company is a
Public Service Company. It is a public utility. It is a
for any reason such holders would not be paid out of the
value plus accrued dividend payments. This is a matter of
settlement to any other stockholder. This is a matter of
alone clearly determines the real nature of cumulative
preferred stock.

If this opinion is accepted then the Public Service
of the Public Service Company is a public utility. It is a
ent funded debt (cumulative, non-voting, and non-redeemable)
with 34 percent common stock and a fixed dividend rate.
future prospects for the Public Service Company are not

Public Service Company, Incorporated
New York, N.Y.
1934

indicate that any additional capital should be acquired through the issuance of common stock and not through means which would increase funded debt. ✓

Common stock.— The foregoing described the relation of common stock to the total capitalization as well as its application to the Public Service Company. Because of its risk nature common stock is subject more to investor opinion and the resultant market than other type investments.

A summary review of the gauges used by economists will afford an insight into the Public Service Company's value to its common stockholders. These gauges include: dividend-price ratio, earnings-price ratio, ratio of capital turnover and the operating ratio.^{1/}

An examination of table 3 discloses that the Public Service Company has more than doubled its operating revenue during the last decade while net income has increased over two hundred per-cent. This graphically illustrates the decreasing cost theory which has been discussed earlier. Furthermore, the increase in net income refutes the common complaint of utilities that increased cost has decreased profits. The Public Service Company has shown here that sound management can provide increased services while experiencing increased revenues and not suffer, but conversely, experience a substantial gain in profits.

^{1/}Appendix A.

indicates that any additional capital should be acquired through the issuance of common stock and not through loans which would increase funded debt.

Common stock.—The foregoing described the relation of common stock to the total capitalization as well as its application to the Public Service Company. Because of its risk nature common stock is subject more to investor opinion and the resultant market than other type investments. A summary review of the gauges used by economists will afford an insight into the Public Service Company's value to its common stockholders. These gauges include dividend-price ratio, earnings-price ratio, ratio of capital turnover and the operating ratio.

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Table 3. Public Service Company and its
Relationship to Economic Gauges

Gauge	Ratio/Value
Operating revenue 1958.....	\$14,517,176
Per-cent increase from 1948.....	132
Net income 1958.....	\$2,855,688
Per-cent increase from 1948.....	221
Earnings per share 1948.....	0.84
Earnings per share 1958.....	1.39
Per-cent increase from 1948.....	65
Dividend 1958.....	0.78(a)
Payout ratio.....	56%
Recent price (over the counter).	\$31.00
Yield 1958.....	3.2%
Operating ratio 1958.....	74.3%
Earning-price ratio 1958.....	20.1%
Capital turnover.....	21 % (b)

(a) Also paid 5% in stock

(b) Computed by writer

Statistical data compiled and furnished
by Baker, Weeks and Company, New York

With the modern forward-looking facilities now in operation it is reasonable to expect profits to show continued acceleration within the Public Service Company.

"One of the most important facts to be known about any business is the capital turnover."^{1/} The Public Service Company does not appear to be measuring up to expectations in this category - or so it would appear to the casual observer.

During the recent years of growth the Public Service Company has expended considerable sums for extensions and improvements in service. The fruits of these labors cannot yet be harvested. Here again it can be expected that the future will disclose the true and irrevocable picture to be one of accelerated improvement.

Internal finance.-- The relationship of external and internal finance are so interrelated as to be inseparable. To the degree that internal finance of the Public Service Company is dependent on an effective external finance, so is the external finance obligated to the actual operating efficiency of the Public Service Company. The general well being of the external finance of the Public Service Company has, with few exceptions, been here-to-fore accepted. This does not prohibit room for improvement in the control of expenses incurred in operation.

^{1/}Martin G. Glaeser, op. cit., p. 192.

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Table 4. PUBLIC SERVICE COMPANY OF NEW MEXICOComparative Analysis of Operating Expenses in Dollars per CustomerElectric Department

	<u>1958</u>	<u>1957</u>	<u>1956</u>	<u>1955</u>	<u>1954</u>	<u>1953</u>	<u>1952</u>	<u>1951</u>	<u>1950</u>
Average Number of Customers	88,267	83,739	80,380	76,585	73,145	69,821	66,147	62,023	56,684
Cost of Power - Operation	\$ 25.90	\$ 24.25	\$ 23.09	\$ 21.48	\$ 22.20	\$ 24.68	\$ 28.02	\$ 26.80	\$ 23.92
Maintenance	1.30	1.05	1.35	1.49	1.23	1.62	2.22	2.17	2.42
Transmission - Operation	\$.30	\$.29	\$.23	\$.29	\$.35	\$.13	\$.10	\$.03	\$.03
Maintenance	.21	.16	.13	.20	.13	.15	.11	.07	.08
Distribution - Operation	\$ 3.45	\$ 3.60	\$ 3.56	\$ 3.94	\$ 4.57	\$ 4.62	\$ 3.74	\$ 3.79	\$ 3.97
Maintenance	1.91	1.91	2.01	2.00	2.08	2.22	2.37	2.44	3.18
Customer Acctg. & Collecting	\$ 6.36	\$ 5.98	\$ 5.88	\$ 6.13	\$ 6.63	\$ 6.00	\$ 4.71	\$ 4.04	\$ 3.69
Sales Promotion	\$ 2.99	\$ 2.76	\$ 2.55	\$ 2.55	\$ 1.91	\$ 1.72	\$ 1.55	\$ 1.30	\$ 1.11
Administrative & General:									
Operation	\$ 13.86	\$ 13.73	\$ 12.84	\$ 13.39	\$ 12.91	\$ 11.43	\$ 10.47	\$ 9.34	\$ 8.50
Maintenance	.59	.43	.32	.37	.36	.43	.19	.19	.10
Depreciation	\$ <u>17.30</u>	\$ <u>15.95</u>	\$ <u>15.87</u>	\$ <u>13.75</u>	\$ <u>11.95</u>	\$ <u>9.56</u>	\$ <u>8.65</u>	\$ <u>7.63</u>	\$ <u>7.36</u>
Taxes - General	\$ 12.66	\$ 13.21	\$ 12.02	\$ 11.70	\$ 10.12	\$ 8.74	\$ 7.71	\$ 8.34	\$ 8.74
Federal Income	28.92	28.08	26.86	21.51	18.89	14.08	13.16	14.37	8.66
State Income	<u>.57</u>	<u>.40</u>	<u>.51</u>	<u>.42</u>	<u>.37</u>	<u>.42</u>	<u>.26</u>	<u>.17</u>	<u>.20</u>
Total Taxes	\$ <u>42.15</u>	\$ <u>41.69</u>	\$ <u>39.39</u>	\$ <u>33.63</u>	\$ <u>29.38</u>	\$ <u>23.24</u>	\$ <u>21.13</u>	\$ <u>22.88</u>	\$ <u>17.60</u>
Total Per Customer	\$ <u>116.32</u>	\$ <u>111.80</u>	\$ <u>107.22</u>	\$ <u>99.22</u>	\$ <u>93.70</u>	\$ <u>85.80</u>	\$ <u>83.26</u>	\$ <u>80.68</u>	\$ <u>71.96</u>

Source: Public Service Company, Statistical Review, 1949-1958, pp. 31-32.

The facts in table 4 are noteworthy in that they reflect operating costs in comparison to consumer growth - and not growth in net income. ✓ The decreasing cost theory is here put to its true test. CHAPTER VIII

✓ The cost of producing power and power distribution are revealed as decreasing when the number of consumers increase. ✓ On the debit side are these facts: ✓ sales promotion expenses per consumer have doubled during the represented decade and the administrative and general expenses have jumped fifty per-cent. ✓ The administrative expenses have increased in spite of the fact that the number of employees has not experienced any appreciable gain. The logical conclusion is that management is a little top-heavy personnel-wise, actually, wages have greatly increased during this decade. During the period taxes have increased in proportion to the increased revenue. The encouraging information that can be noted is that the major cost increases occurred during the first five years of the period and that, for the most part, the increases have been moderate. ✓

In a consideration of the table, due importance must be given to the fact that in 1954 a 4.79 per-cent increase in revenues was obtained by virtue of a rate increase, the first complete year covered by this increase in rates is 1955. 1/

1/Public Service Company, Annual Report, 1954, pp. 8-9.

The facts in this case are that the operating costs in connection with the growth in net income. The operating costs in fact are to its true test.

The cost of producing power and other services revealed as decreasing when the number of generating plants. On the debit side are those factors as to which the per consumer have doubled during the period. The administrative and general expenses have increased in percent. The administrative expenses have increased in spite of the fact that the number of employees has not expanded any appreciable extent. The fact that the cost of that management is a little higher than in the past, actually, wages have greatly increased during the period. During the period there have been increases in the increased revenue. The management has not been able to note is that the motor and transport charges during the first five years of the period and that in the most part, the increased revenue has been maintained.

In a consideration of the above facts, it may be given to the fact that in 1934 a 10 percent increase in revenues was obtained by virtue of a 10 percent increase in first complete year covered by this report in 1934.

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Public Service Company of New Jersey
CORRESPONDENCE
100 BOND

CHAPTER VII

CONSUMER POLICY

The several preceding chapters have analyzed the Public Service Company from management through labor and from administrative policy through finance. By now the service of management to labor and the investor should be reasonably clear. The final ingredient for a total perspective is the consumer.

The service that management makes to the consumer is its most important service, if for no other reason than its effect on a vastly greater number. Just as the investor desires and deserves a fair return on his investment so does the consumer desire and deserve a fair rate for the service rendered. Just as the investor desires a fair return so must he recognize that investment has by its very nature a risk implication and that spiraling returns on his investment should not be considered a natural adjunct to inflationary trends.^{1/} The consumer must also be cognizant of the fact that qualified expense ratios, combined with efficient fiduciary management which indicate an established

^{1/}Martin G. Glaeser, op. cit., pp. 393-402.

CHAPTER III

CONSUMER POLICY

The several meanings of the word "consumer" in the Public Service Company have been discussed in the preceding chapter from administrative policy points of view. The service of management to consumers is the first and most reasonably clear. The first important consideration from this perspective is the consumer.

The service that management renders to the consumer is its most important service. It is the service which has its effect on a vastly greater number of consumers than it does and deserves a fair return for the service it does the consumer desire and deserve. It is the service rendered. Just as the service rendered is the return so must he recognize the return of the service.

very nature a risk incident to the service rendered on his investment should not be considered as a return to inflationary transfer. The responsibility of management of the fact that qualified management is efficient financial management is the return of the service.

Walter G. Glaser, op. cit., p. 157.

trend must have a judicious counter-balance.

It is imperative that consumer value be viewed on the basis of what he pays for service rendered.

Rate schedules.-- There are several rate schedule classifications, each of which is designed to meet particular consumer power demands. The extensive technical factors which determine the establishment of fixed schedules are of compelling interest. However, a report on these considerations here would at best be superficial and an injustice to their importance to the utility and the consumer.

✓ The Public Service Company acquired a deviation from the principle implicit in the theory of decreasing cost through the 1954 ruling of the New Mexico Public Service Commission.^{1/} The ruling permitted the Public Service Company to charge equal rates to consumers in each of the five geographic divisions. ✓

The effects of this ruling were two-fold. First it permitted a decrease in rates charged to outlying divisions (Albuquerque, as source of greatest revenue, is recognized as the hub) and a resulting higher rate structure to Albuquerque. Secondly it contributed to a decreased cost in billing operations since it permitted uniformity for all residential consumers.^{2/}

This uniformity in rates, regardless of respective costs

^{1/}Public Service Company of New Mexico, Annual Report, 1954, p. 9.

^{2/}Table 4, p. 69, this study.

Public Service Company of New Jersey, New Jersey

This uniformity in rates, however, is not

ions since it permitted uniformity for all residential consumers.

Secondly it contributed to a continued cost in building and

the hub) and a resulting higher rate structure for industrial

(Albuquerque, as source of electric power, is responsible for

permitted a decrease in rates charged to industrial divisions

The effects of this rule, however, are as follows:

geographic divisions.

to charge equal rates to consumers in each of the five

Commission. The ruling permitted the Public Service Company

through the 1954 ruling of the New Jersey Public Service

the principle implicit in the theory of homogeneous cost

The Public Service Company as a utility is a

their importance to the utility and the consumer.

ions here would at best be separated and not integrated

compelling interest. However, a cost to the consumer and

which determine the establishment of a uniform rate

consumer power demands. The extensive industrial

classifications, each of which is based on a

Rate schedule.-- There are several rate schedules

the basis of what he pays for service rendered.

It is imperative that a uniform rate be

trend must have a judicious change.

of service, does not agree with the afore-mentioned theory of decreasing cost. It does, however, comply with general acceptance of commissions and also affords the fulfillment of a prime democratic principle; i.e., equality to equals.^{1/}

✓ It should be noted that the New Mexico Public Service Commission did not extend the equality status beyond the Public Service Company. Other private utilities serving New Mexico are not required to equalize rates regardless of geographic economy.^{2/} ✓

Residential consumer.— The residential rate schedule of the Public Service Company exacts \$7.25 for 250 KWH, and the national average rate structure exacts \$7.18 for the same consumption.^{3/} In the Rocky Mountain region one of the lowest rates for 250 KWH is at Idaho Falls, Idaho, where consumers pay only \$5.60. On the other hand one of the highest schedules in the same area is \$7.40 paid by consumers in Phoenix, Arizona for 250 KWH of electricity.

Commercial light and small power.— The Public Service Company rate schedule for commercial light and small power service calls for a charge of \$12.10 for the representative average consumption of 300 KWH.^{4/} The state-wide average rate schedule fixes the 300 KWH use at \$15.83.

1/Martin G. Glaeser, op. cit., pp. 435-436.

2/Table 5, page 74, this study.

3/Baker, Weeks and Company, op. cit., p. 17.

4/Table 5, page 74, this study.

of service, does not agree with the assumption that
of decreasing cost. It does, however, agree with the
acceptance of commissions and other efforts to the effect
of a prime democratic principle. It is, therefore, a matter
it should be noted that the Commission's policy was

Commission did not extend the same rate schedule to the
Public Service Company of New Mexico in 1935. The
New Mexico are not required to maintain rates comparable
geographic economy. ³

Residential consumption -- The residential rate schedule

of the Public Service Company of New Mexico is 17.5 per cent, and
the national average residential rate is 17.5 per cent. ³
same consumption. ³ In the New Mexico rate schedule, the
the lowest rate for 250 kWh is 17.5 per cent, and
those consumers pay only 17.5 per cent. In the New Mexico
the highest schedule for the same amount is 25.0 per cent.
consumers in Phoenix, Arizona, pay 25.0 per cent for the same amount.

Commercial consumption -- The commercial rate schedule

Company rate schedule for commercial consumption is 25.0 per cent.
service calls for a rate of 25.0 per cent for commercial consumption.
average consumption of 250 kWh. In the New Mexico rate schedule
rate schedule fixes the 250 kWh rate at 25.0 per cent.

Merita E. Gieser, et al., et al., et al.

Table 5, page 74, this study.

3/ Baker, Neale and Company, et al., et al., et al.

Table 5, page 74, this study.

Table 5. Electric Bills for Specified Amounts of Power as of June, 1957
Commercial Light and Small Power Service

Community	Billing Demands (Kilowatts) and Monthly Consumptions (Kilowatt Hours)						Utility Serving Community
	0.75 KW 50 KWH	1.5 KW 150 KWH	3.0 KW 300 KWH	6.0 KW 750 KWH	12.0 KW 1500 KWH	30.0 KW 6000 KWH	
Alamogordo	\$4.03	\$7.48	\$12.65	\$28.18	\$54.05	\$209.30	Community Public Service Co.
Albuquerque	3.00	6.75	12.10	26.05	46.30	143.80	Public Service Co. of N. M.
Artesia	3.20	8.65	15.40	33.38	65.48	184.59	Southwestern Pub. Service Co.
Carlsbad	3.20	8.65	15.40	33.38	65.48	184.59	Southwestern Pub. Service Co.
Clovis	2.60	7.13	12.90	30.23	53.08	172.19	Southwestern Pub. Service Co.
Farmington	4.75	10.25	16.75	34.75	57.25	169.75	Basin Light and Power Co.
Gallup	4.00	10.50	18.00	31.50	50.50	163.00	Municipally Owned
Hobbs	3.00	8.00	14.50	32.55	62.85	192.75	N. Mex. Electric Service Co.
Las Cruces	2.25	6.50	15.13	27.50	48.50	141.25	El Paso Electric Company
Las Vegas	3.00	6.75	12.10	26.05	46.30	143.80	Public Service Co. of N. M.
Lovington	5.00	11.50	18.00	33.50	53.00	161.00	Lee County Electric Co-op
Roswell	3.20	8.65	15.40	33.38	65.48	184.59	Southwestern Pub. Service Co.
Portales	2.60	7.13	12.90	30.23	53.08	172.19	Southwestern Pub. Service Co.
Santa Fe	3.00	6.75	12.10	26.05	46.30	143.80	Public Service Co. of N. M.

Source: State of New Mexico Economic Development Commission, Utility Rates for Business in New Mexico, October 1958, p. 17.

General power service.-- The general power service rates of the Public Service Company for 30,000 KWH-75 KW demand represents substantial saving to the consumer.^{1/} The rate for this demand is \$427.50 and the state-wide average rate is \$486.12.

✓ Special rate schedules.-- There are within the area served by the Public Service Company a limited number of special rates. The fixing of special rates is confined to the large consumer, who by virtue of peculiar problems is granted special consideration. Particularly in cases of mutual ownership of facilities is the special rate structure applied - with negotiation a prime basis in final formation. ✓

Summary.-- Without going into the many ramifications involved in rate schedules the preceding has given grounds for some considered conclusions. ✓ The Public Service Company's rate schedules provide their consumers a saving over the schedules existing in other private, municipal and federally operated utilities in New Mexico. This fact must be accepted by the consumer as a revelation of the comparative quality of management policy. ✓

Using the national average as the criterion for self-examination should stimulate the Public Service Company to even greater efforts for efficiency. Incidentally the New Mexico Public Service Commission should endeavor to use the total picture in the fixing of rate structures in New Mexico.

^{1/}Economic Development Commission, Utility Rates for Business in New Mexico, October 1958, p. 16.

General power supply

rates of the public supply of electricity are determined by the demand representative authorities for each area. The rate for this demand is 1.10 and the average rate is 1.40.

Special rate schemes

These are provided for the service of the public supply of electricity. The rates of special schemes are applied to the large consumer, who is provided with a special rate. It is granted special consideration. The rates of special schemes are applied to the public supply of electricity. The rates of special schemes are applied to the public supply of electricity.

Summary

The rates of special schemes are applied to the public supply of electricity. The rates of special schemes are applied to the public supply of electricity. The rates of special schemes are applied to the public supply of electricity. The rates of special schemes are applied to the public supply of electricity.

of management policy

Using the method of management policy, the rates of special schemes are applied to the public supply of electricity. The rates of special schemes are applied to the public supply of electricity. The rates of special schemes are applied to the public supply of electricity.

CHAPTER VIII CONCLUSIONS

This study was not made with any pre-conceived ideas of finding an idyllic corporation, neither was the opposite anticipated. The writer was not, therefore, surprised by the findings.

The analytical form required a separate study of each of the several components which make up the Public Service Company of New Mexico. In this exposed state the Public Service Company was vulnerable to observations which otherwise would not have been discernible. ✓

For the most part the discussions were confined to broad explanations - with the considered opinions of attested scholars as the underlying basis for any conclusions. As a result the study elaborated on management procedures and policies which existed and/or remain that were adjudged as unfavorable; while at the same time management was commended for its illustrated efforts to improve its service to both the consumer and the stockholder. ✓

CHAPTER VIII
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The preceding text contained pertinent observations and conclusions as a part of the particular analysis. There are a few conclusions deserving of repetition.

Personnel policy.-- Personnel policy would be improved and industrial relations strengthened by a loosening of the reins of authority now held by the president. A natural result of the change would be a positive delegation of authority to the lower echelons. This would stimulate initiative and provide the opportunity to develop their own innate capabilities.

The real value of such a change would be restricted only by management's willingness to establish a firm policy which would first recognize employee potential and then reward deserving employees with authoritative promotions. In this way management would meet its stated commitment of promoting present employees rather than continue the present recruitment of staff officers from outside.

X Pubco and Public Service Company.-- The present dual management of the former subsidiary, Pubco, should be curtailed to eliminate conflict of interests. The degree of service to a regulated utility to be obtained from officers with dual responsibilities is problematical.

For lack of any disclosure by Public Service Company the text did not contain an explanation of the reasons

The preceding fact contained certain observations and conclusions as a part of the particular analysis. There are a few conclusions deserving of repetition. Personnel policy -- Personnel policy could be improved and industrial relations strengthened by loosening of the reins of authority now held by the president. A natural result of this change would be a positive delegation of authority to the lower echelons. This would stimulate initiative and provide the opportunity to develop their own innate capabilities.

The real value of such a change would be restricted only by management's willingness to establish a new policy which would first recognize employee potential and then reward deserving employees with authoritative promotions. In this way management would keep its status consistent of promoting present employees rather than continue the present recruitment of staff officers from outside.

Public and Public Service Corporation -- The present management of the Public Service Corporation could be curtailed to eliminate competition of interest. The degree of service to a region is directly related to the number of officers with dual responsibilities in production. For lack of any disclosure by Public Service Corporation the text did not contain an explanation of the reasons.

for their decision not to purchase natural gas from Pubco. One plausible explanation is discernible to the writer. To fulfill the original intention for the organization of the subsidiary would have obligated the Public Service Company to build and maintain a pipeline from the well-head to the power plant, which would entail a considerable investment. X

Consumer and Investor.-- From the consumer and investor viewpoint the most favorable conclusion would be the tremendous improvement in company production and transmission facilities. These improvements, in the long run, can only lead to greater economy of operation and the resultant stability in rate structure and an equal stability in the dividends to the investor.

In general the future outlook is one of optimism. The Public Service Company, with an aggressive, forward-looking program, has every indication of proving at least equal to the demands of a booming area.

for their decision not to pursue another new investment. One plausible explanation is the difficulty of fulfilling the original intention for the construction of the subsidiary would have required the public service Company to build and maintain a pipeline from the well-head to the power plant, which was not a desirable investment.

Consumer and Investor -- From the consumer and

investor viewpoint the most serious conclusion would be the tremendous improvement in capacity, production and transmission facilities. These improvements, in addition, can only lead to greater economy of generation and the resultant stability in rates of return and no doubt stability in the dividends to the investor. In general the future outlook for rate of return. The Public Service Company, with an emphasis on a long-term program, has now, undoubtedly, is moving forward equal to the demands of a booming economy.

APPENDIX

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APPENDIX A
GLOSSARY OF ELECTRIC TERMS^{1/}
Financial and Technical

Annual, based on calendar year unless otherwise stated.

Average Annual Bill Per Customer, annual revenue (exclusive of discounts and penalties) from a class of service divided by the average annual number of customers for that class of service.

Average Annual Use, average annual kilowatthours used per customer. Usually refers to residential service. Annual kilowatthour sales divided by the average number of customers for the same period. (Customers with two or more meters at the same location because of special services such as water heaters, etc. are counted as one customer.)

Average Number of Customers, the average of the number of customers counted at the end of each of twelve consecutive months.

Average Revenue Per Kilowatthour Sold (Annual), average unit price per kilowatthour sold. Revenue from the sale of electricity (exclusive of discounts and penalties) for a particular class of service divided by the corresponding number of kilowatthours sold.

Auxiliary Equipment (Power Station), accessory equipment necessary for the operation of a generating plant.
Example: Station lighting, pumps, stokers, fans, etc.

Capability, Net Generating Station, the maximum net kilowatt load which the station can carry with all equipment available, determined as the average kilowatt output per hour, with no allowance for outages. Usually net generating station capability is understood to be the capability demonstrated by actual test or operating

^{1/}Edison Electric Institute, Glossary of Electric Terms, 1954 and Martin G. Glaeser, Public Utilities in American Capitalism, 1957.

capacity demonstrated by actual test or calculation
generating station capacity is determined by the
load which the station carries, and is constant
available, determined by the capacity of the
Capacity, Net Generating Station, the station maximum

Examples: Station lighting, power, heating, etc.
necessary for the operation of a plant or plant
Auxiliary Equipment (such as pumps, fans, etc.)

ing number of kilowatt-hours per
a particular class of service divided by the corresponding
electricity (exclusive of discounts and credits)
price per kilowatt-hour sold, revenue per kilowatt-
Average Revenue per kilowatt-hour sold annually, average unit

utive months.
customers counted at the end of each of the twelve months.
Average Number of Customers, the average of the number of

counted as one customer).
of special service such as fire, police, etc., and
with two or more meters of electricity for power
number of customers for the year ended, (customers
Annual kilowatt-hour sales divided by the average
customer, usually referred to as retail service.
Average Annual Unit, average annual kilowatt-hour sold per

that class of service.
divided by the average annual number of customers for
of discounts and credits, for utility service
Average Annual Bill per customer, annual revenue divided by
Annually, based on calendar year unless otherwise stated.

Financial and General

GLOSSARY OF TERMS

ABBREVIATIONS

experience, and may vary with the character of the load, the time of year due to circulating water temperatures in the case of thermal stations, available water in the case of hydro stations, and to other causes. Usually the capability at the time of the peak load on the system is of prime interest.

Capacity Factor, the ratio of the average load on a machine plant or system for the period of time considered, to the rating of the machine or equipment. This factor is based on name-plate capacity except when otherwise qualified.

Capital Surplus, all surplus not properly classifiable as retained income. It may include credits from sales by the utility of reacquired capital stock, surplus arising from the retirement and cancellation of the utility's capital stock, from donations by stockholders of the utility's capital stock, from a reduction of the par value of the utility's capital stock, and from forgiveness of debt of the utility; also, surplus recorded at a reorganization or in connection with a recapitalization.

Capital Turn-over, the ratio of investment to revenues. Measures the revenue producing efficiency with which the capital is employed and shows how important capital costs are in a given business.

Capitalization, the total of: outstanding long-term debt, par or stated value of the outstanding preferred and common stock, premiums on preferred and common stock, capital surplus, and retained income (earned surplus). Debt with an original maturity of less than one year is not included in Capitalization.

Capitalization Ratios, the percent that each of the following or its components is of total capitalization:

- Bonds
- Other Long-Term Debt
- Preferred Stock
- Common Stock and Retained Income
- Capital Surplus
- Premium on Capital Stock

Commercial and Industrial, sales or revenue classification covering electric energy supplied for commercial and industrial purposes except that furnished under special rate schedules to commercial and industrial enterprises operated by Federal, State or Municipal Governments and

to Railroads and Railways. Usually subdivided into: "Small Light and Power" and "Large Light and Power". The suggested dividing point between these two sub-accounts is on a basis of 50 kilowatts of demand or 180,000 kwhr annual use or as near to this as a utility's rate classification will conveniently accommodate.

Debentures, certificates of indebtedness representing long-term borrowings of capital funds, secured only by the general credit of the issuing corporation.

Decreasing Cost, principle that the cost of each unit goes down as the service, or number of customers, is increased.

Diversity Factor, ratio of the sum of the maximum Power demands of the subdivisions of any system, or parts of a system, to the maximum demand of the whole system, or part of the system, measured at the point of supply.

Energy Lost and Unaccounted For, the difference between total net system input and the sum of energy sales and energy accounted for but not sold. It is not practicable to determine this energy loss by direct measurement.

Firm Power, power intended always to be available even under adverse conditions, short of major system outages (caused by storm, explosion, strikes, fuel shortage, etc.)

Kilovolt-Ampere (KVA), 1,000 volt-amperes.

Kilovolt (KV), 1,000 volts.

Kilowatt (KW), 1,000 watts.

Kilowatthour (KWHR), a unit of measure of electric energy equal to a kilowatt of electrical pressure applied to an electrical circuit for one hour.

KWHR Per Capita (Person), net generation in the United States plus Net Imports divided by national population, or the corresponding ratio for any other area.

Load Factor, the ratio of the average load in kilowatts supplied during a designated period to the peak or maximum load occurring in that period. Typical formula:

$$\text{Load Factor} = \frac{\text{Kwhr Supplied}}{\text{Peak Kw. X Hrs.}}$$

to Railroads and "Small Light and Power" divisions. The suggested division of the accounts is on a basis of 100,000 kWh annual use of energy. Utility's rate classification is also suggested.

Debitum, contribution of interest on outstanding long-term bonds of capital funds, is only 10% of the general credit of the issuing corporation.

Decreasing Cost, principle that the cost of production goes down as the service, or number of customers, is increased.

Diversity Factor, ratio of the sum of the individual demands of the individual loads of any system to the demand of the system as a whole. It is a measure of the part of the system which is not common to all loads.

Energy Lost and Unaccounted For, the difference between total net system input and the sum of energy losses and energy accounted for but not used. It is a measure of the energy lost in the system.

Firm Power, power that must always be available under adverse conditions, such as winter, summer, etc. (caused by other, existing, etc., loads, etc.).

Kilovolt-Amperes (KVA), 1,000 volt-amperes.

Kilovolt (KV), 1,000 volts.

Kilowatt (KW), 1,000 watts.

Kilowatt-hour (KWH), a unit of energy equal to the energy equal to a kilowatt of electrical power used for one hour.

KWHR Per Capita (Per Cap), net generation, KWHR per capita plus Net Laborer's dividend, with a corresponding ratio for any other factor.

Load Factor, the ratio of the average load to the maximum load occurring in that period. It is a measure of the load during a specified period.

Load Factor, Ratio of average load to maximum load occurring in that period.

Long-Term Debt, includes outstanding Bonds, Debentures and Notes which are due one year or more from date of issuance. If the security has been called or is due within one year from the date of the balance sheet, it may be included in Current Liabilities.

Long-Term Financing, refers to the issuance and sale of debt securities with a maturity of more than one year, and preferred and common stock for the purpose of raising new capital, refunding outstanding securities or for the divestment of investments in securities not permitted to be held under the Public Utility Holding Company Act of 1935.

Maximum Coincident Demand, the required capacity needed to equal the demand at a given time.

MCF, thousand cubic feet.

Name-Plate Rating, the maximum continuous rating of a generator or other machine or device, or group of machines as in a generating station, under specified conditions as designated by the manufacturer and usually indicated on a name-plate. Name-plate rating may be greater or less than demonstrated gross capability. It is the capacity certified by the manufacturer in specifications.

Net Generation, gross plant generation less energy used by station auxiliaries. It is the net output of the plant to the system to supply energy for electric load.

Operating Ratio, ratio of total operating costs to revenue.

Other Long-Term Debt, Long-Term Debt other than Mortgage Bonds and Debentures. This includes Serial Notes and Notes Payable to Banks with original maturity of more than one year.

Peak Load, the maximum load of designated duration consumed or produced by a unit, group of units or a system during a stated period of time.

Power Factor, the ratio of the kilowatts of power to the total kilovolt-amperes flowing for any given load. Generally, it is expressed as a percentage ratio.

Power Pool, two or more electric systems interconnected and coordinating their operations with respect to power supply.

Rate of Return, measures the over-all yield upon the capital factor employed by the concern.

Rating (Bonds), system of rating to provide the investor with a simple system of gradation by which the relative investment qualities of bonds are indicated.

Short Term Debt, Notes, drafts, acceptances, or other similar evidences of indebtedness payable on demand or which by their terms are payable within one year from the date of issuance.

Utilization Factor, expresses the relationship of the average load to the rated capacity.

Yield, rate of return (percent) based on market price of a security, its annual interest or dividend rate, and in the case of bonds on their being held to maturity.

Rate of Return, measures the return on the capital
factor employed in the economy.

Rating (Bonds), system of rating bonds by a rating
agency, based on the creditworthiness of the issuer.
Investment grade, bonds rated by a rating agency as
being suitable for investment.

Short Term Debt, notes, bills, etc., with a maturity
of less than one year. Evidence of the creditworthiness
of the issuer is usually indicated by the rating
agency.

Utilization Factor, measures the ratio of the actual
load to the rated capacity.

Yield, rate of return (generally based on a unit price of
security, its annual interest or dividend rate, and its
the case of bonds on their value) is its return.

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APPENDIX B

OFFICERS AND DIRECTORS

Public Service Company of New Mexico

Mr. Arthur Prager is Chairman of the Board of Directors of Public Service Company. He is also a Member of the Executive Committee. Mr. Prager was formerly president of the company until his retirement from that position in 1955. He has spent his entire business career in the utility business, having first started work in 1907 with a utility at Trinidad, Colorado. He has resided in Albuquerque, New Mexico, since 1919. In that year he became General Manager of Albuquerque Gas & Electric Company, which was a predecessor of Public Service Company of New Mexico and was advanced to the position of Vice-President in 1936 and to President in 1938.

D. W. Reeves is President of the company and a member of the Board of Directors of Public Service Company. He is also a Member of the Executive Committee. Mr. Reeves is a graduate engineer and for a period of approximately thirteen years was associated with Gulf States Utilities Company, beginning as a student engineer and later becoming Assistant Electrical Engineer and Power Sales Engineer. Subsequent to this period, Mr. Reeves was employed for approximately twelve years by Oklahoma Natural Gas Company of Tulsa. He was associated with the Sales Department of that firm although his duties included rate studies, negotiation of contracts, and problems of installation. Mr. Reeves came to Public Service Company as Executive Vice-President in 1950 and was advanced to President in 1955.

George A. Schreiber is Executive Vice-President of Public Service Company. Mr. Schreiber joined the Company in January of 1949 as Purchasing Agent. He has held the positions of Commercial Manager, Manager of the Albuquerque Division, and Administrative Vice President. Prior to joining Public Service Company, Mr. Schreiber was employed by the Robinson Manufacturing Company of Morrisville, Pa. and Whitmer Mills, Inc. of Albuquerque. He is a 1941 graduate of Notre Dame.

OFFICE OF THE
PUBLIC SERVICE COMMISSION
ALBANY, N. Y.

OFFICERS AND EMPLOYEES
Public Service Company of New York

Mr. Arthur Tappan is Chairman of the Board of Directors of Public Service Company. He is also Chairman of the Executive Committee. Mr. Tappan is a member of the company until his retirement in 1931. He has spent his entire business career in the utility business, having first started work in 1892 with a utility at Trinidad, Colorado. He later went to New Mexico, since 1912. In 1913 he was promoted to Manager of Albuquerque Gas & Electric Company, which was a predecessor of Public Service Company of New Mexico and was advanced to the position of Vice-President in 1920 and to President in 1923.

D. W. Reeves is President of the company and a member of the Board of Directors of Public Service Company. He is also a member of the Executive Committee. Mr. Reeves is a graduate engineer and has a number of patents to his credit. Thirteen years was associated with Public Service Company, beginning as a student engineer and later becoming Assistant Electrical Engineer and later Chief Engineer. Subsequent to this period, Mr. Reeves was employed for approximately twelve years by Public Service Company of Tulsa. He was associated with Public Service Company of Tulsa through his duties in the department of negotiation of contracts and management of installation. Mr. Reeves came to Public Service Company in 1925 as Vice-President in 1928 and was promoted to President in 1935.

George A. Schreiber is Executive Vice-President of Public Service Company. Mr. Schreiber joined the company in January of 1925 as Vice-President and has held the positions of Commercial Manager, General Manager, Division, and Assistant Vice-President. Mr. Schreiber joined Public Service Company in 1925 after having been by the Robinson Manufacturing Company of Louisville, Ky. and Whitman Mills, Inc. of Albion, N. Y. He is a graduate of Notre Dame.

Malcolm C. Heffelman is Senior Vice-President of Public Service Company. He is a graduate Electrical Engineer. Mr. Heffelman joined the predecessor organization of Public Service Company in 1932 at Tucson, Arizona. He has been President and General Manager of Deming Ice and Electric Company, President and General Manager of New Mexico Power Company in Santa Fe and was made Vice-President and Santa Fe Division Manager of Public Service Company in 1946 when that company was formed. In 1951, Mr. Heffelman was transferred to Albuquerque and was made Vice-President in Charge of Operations. In January 1959, Mr. Heffelman was elected Senior Vice-President and made responsible for design, construction and operation of power plants.

Ralph E. Loken is a Vice-President of Public Service Company. He is a 1933 Business Administration graduate of the University of New Mexico. Mr. Loken started work at Public Service Company in 1926 as an office boy while still in High School and has been with the company continuously since that time. He has progressed to his present position through the following jobs; Belen Office Clerk; Accounting Clerk, Assistant Secretary-Assistant Treasurer, Treasurer, Santa Fe Division Manager, Santa Fe Division Vice-President, Albuquerque Division Vice-President and Manager, and was made Vice-President in 1959.

Ralph T. MacBain is Secretary and Treasurer of Public Service Company. Mr. MacBain was associated for approximately nine years with Cities Service Company, during which time his duties consisted primarily of matters relating to the purchase and sale of securities. For approximately thirteen years, he was employed by Federal Light and Traction Company, serving as a Director and Secretary-Treasurer. Upon its dissolution in 1946, he came with Public Service Company of New Mexico as Secretary of the Company and in 1951 was made Secretary-Treasurer.

Irving Koerner is a Director of the Public Service Company. He is an Associate of Allen & Company, New York, New York.

Coleman A. Hunter is a Director of the Public Service Company. He is Executive Vice-President of Atlantic Life Insurance Company, Richmond, Virginia.

Daniel T. Kelly is a Director of the Public Service Company. He is Chairman of the Board, Gross-Kelly & Company, Santa Fe, New Mexico.

J. Bryan Stephenson is a Director of the Public Service Company. He is also a Member of the Executive Committee. Mr. Stephenson is Chairman of the Board, Barber's Super Markets, Inc., Albuquerque, New Mexico.

Ralph J. Wann is a Director of the Public Service Company. He is President of Royal Gorge Bridge & Railway Company, Canon City, Colorado.

J. Glenn Turner is a Director of the Public Service Company. He is also a Member of the Executive Committee. Mr. Turner is a Partner in Turner, White, Atwood, McLand & Francis Attorneys, Dallas, Texas.

W. A. Keleher is a Director of the Public Service Company. He is associated with Keleher & McLeod Attorneys, Albuquerque, New Mexico. Mr. Keleher is Attorney and General Counsel for the Public Service Company.

J. Bryan Stephenson is a Director of the Public Service Company. He is also a member of the Executive Committee. Mr. Stephenson is Chairman of the Board, Barber's Super Markets, Inc., Albuquerque, New Mexico.

Ralph J. Kern is a Director of the Public Service Company. He is President of Royal Gorge Bridge & Railway Company, Canon City, Colorado.

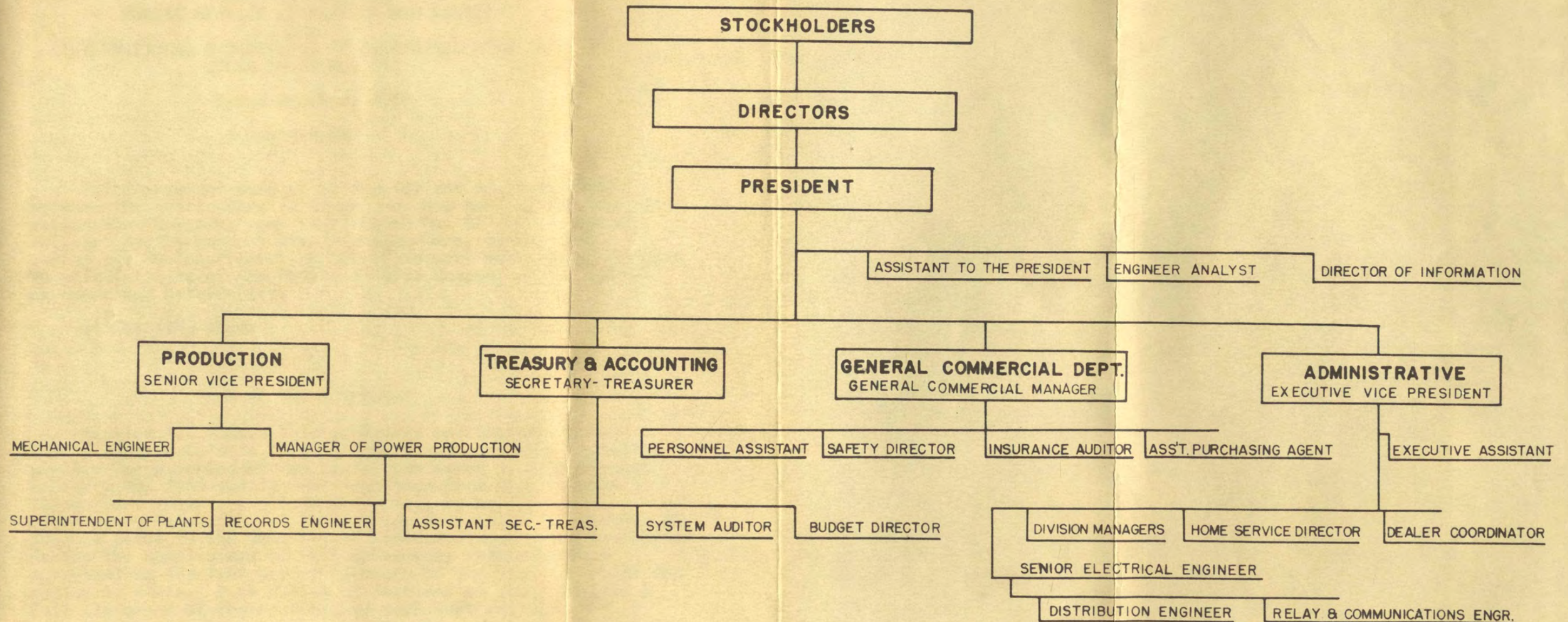
J. Glenn Turner is a Director of the Public Service Company. He is also a member of the Executive Committee. Mr. Turner is a Partner in Turner, White, Atwood, Holland & Francis Attorneys, Dallas, Texas.

W. A. Kehler is a Director of the Public Service Company. He is associated with Kehler & McLeod Attorneys, Albuquerque, New Mexico. Mr. Kehler is Attorney and General Counsel for the Public Service Company.

APPENDIX C

PUBLIC SERVICE COMPANY OF NEW MEXICO

ORGANIZATION CHART



proposed change or changes prior to March 1. In the event the parties hereto are unable to arrive at a satisfactory agreement prior to March 1 on any proposed change, then the matter shall be referred to arbitration as hereinafter provided, and the decision of the Board shall be retroactive to March 1 of the year for notice is given.

APPENDIX D

AGREEMENT BETWEEN
PUBLIC SERVICE COMPANY OF NEW MEXICO
AND

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
LOCAL UNION NO. 611

Dated March 1, 1959

AGREEMENT

This Agreement made as of the 1st day of March, 1959, between the Public Service Company of New Mexico, hereinafter called the "Company," and Local Union No. 611 of the International Brotherhood of Electrical Workers, hereinafter called the "Union," covering specified work and classifications in all Divisions of the Public Service Company of New Mexico as described hereinafter.

WITNESSETH, that:

ARTICLE I

TERM OF THE AGREEMENT

Section 1. TERM. This agreement and the provisions hereof shall remain in force and be binding on the respective parties for a period of Two Years from March 1, 1959 through February 28, 1961 and it shall continue from year to year thereafter. However, either party may, by notifying the other party in writing at least sixty days prior to February 28, 1961 or prior to the last day of February in any year thereafter during the continuance of this agreement, terminate this agreement on the last day of February of the year for which the notice is given. Such notice of termination shall contain a full statement of the reasons for such termination.

Section 2. REVISION. Beginning February 28, 1961 either party, on or before December 30 of the preceding year shall notify the other party in writing of any desired change in the working rules, conditions, or wages, and both parties hereto agree to endeavor to arrive at satisfactory adjustment of the

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ARTICLE 1

AGREEMENT BETWEEN
PUBLIC SERVICE COMPANY OF NEW YORK

INTERNATIONAL BROTHERHOOD OF ELECTRICAL
LOCAL UNION NO. 100

Dated March 1, 1937

ARTICLE 2

This Agreement made this 1st day of March, 1937,
between the Public Service Company of New York, hereinafter
called the "Company", and Local Union No. 100 of the
International Brotherhood of Electrical Workers, hereinafter
called the "Union", covering electrical work and all
in all divisions of the Public Service Company of New York,
as described hereinafter.

WITNESSETH, that:

ARTICLE 3

TERM OF THE AGREEMENT

Section 1. TERM. This Agreement and the provisions
hereof shall remain in force and be binding on the parties
parties for a period of two years from and after the date of
February 28, 1937 and it shall continue in force until the
thereafter, however, if either party shall give notice to the
other party in writing at least thirty days prior to February
1937 or prior to the last day of January of any year thereafter,
during the continuance of this Agreement, that it desires to
agreement on the last day of January of the year in which the
notice is given. Such notice of termination shall be in writing
[full statement of the reasons for such termination.]

Section 2. RESILIATION. Notwithstanding any law or
party, on or after the expiration of the preceding year shall
notify the other party in writing of any desire to terminate the
working rules, conditions of work, and other matters, and
agree to endeavor to arrive at a mutually satisfactory agreement.

proposed change or changes prior to March 1. In the event the parties hereto are unable to arrive at a satisfactory agreement prior to March 1 on any proposed change, then the matter shall be referred to arbitration as hereinafter provided, and the decision of the Board shall be retroactive to March 1 of the year for which the notice is given.

ARTICLE II

BASIC PRINCIPLES

Section 1. OBLIGATIONS AND RESPONSIBILITIES. The Company is engaged in furnishing an essential public service which vitally affects the health, safety, comfort, and general well-being of the people living in the communities served by the Company; and the very existence of the Company is conditioned and dependent upon the faithful performance of its franchise obligations and responsibilities in serving the public. The obligations and responsibilities to the public apply both to the Union and the Company and require that any differences arising between them be adjusted and settled in a rational, orderly, and common-sense manner. In view of the mutual obligations and responsibilities of both the Union and the Company, it is agreed as follows:

Section 2. RECOGNITION OF UNION. The Company recognizes the Union for the purpose of collective bargaining as the exclusive representative of the employees covered by this agreement in respect to rates of pay, wages, hours of employment, and other conditions of employment. This agreement shall apply to employees of the Company's electric and water transmission, distribution, and production departments in the divisions and jobs specifically hereinafter set out. All present employees, and those hired after the date of this agreement, who are under the jurisdiction of the Union shall, as a condition of employment, become members of the Union within thirty-one (31) days. Membership in the Union is available to employees without discrimination, on the same terms and conditions generally applicable to other members.

Section 3. FUNCTIONS OF MANAGEMENT

a. The Union and its members recognize the sole right of the Company to determine its operating policies and manage its business in the light of experience, business judgement, and changing conditions; and among such functions are the right to: (a) determine the qualifications and select its managerial and supervisory forces, (b) determine the qualifications for and select and hire new employees subject to

proposed change or changes in the terms of the agreement shall be referred to the arbitration board, and the decision of the arbitration board shall be final and binding on the parties hereto.

Section 1. The Company is engaged in a business which is of a public character and which is of such a nature that it is in the public interest that the Company should be subject to the supervision and control of the public. The Company is engaged in a business which is of a public character and which is of such a nature that it is in the public interest that the Company should be subject to the supervision and control of the public. The Company is engaged in a business which is of a public character and which is of such a nature that it is in the public interest that the Company should be subject to the supervision and control of the public.

Section 2. The Company is engaged in a business which is of a public character and which is of such a nature that it is in the public interest that the Company should be subject to the supervision and control of the public. The Company is engaged in a business which is of a public character and which is of such a nature that it is in the public interest that the Company should be subject to the supervision and control of the public. The Company is engaged in a business which is of a public character and which is of such a nature that it is in the public interest that the Company should be subject to the supervision and control of the public.

Section 3. The Company is engaged in a business which is of a public character and which is of such a nature that it is in the public interest that the Company should be subject to the supervision and control of the public. The Company is engaged in a business which is of a public character and which is of such a nature that it is in the public interest that the Company should be subject to the supervision and control of the public. The Company is engaged in a business which is of a public character and which is of such a nature that it is in the public interest that the Company should be subject to the supervision and control of the public.

and in accordance with the provisions of this agreement, (c) determine the qualifications for and select employees for promotion and transfer, subject to and in accordance with the provisions of this agreement, from one job to another and from one classification to another, (d) determine the number of employees it will have in its service at any time, (e) prepare and make available job specifications and establish job classifications, subject to the terms of this agreement, (f) make reasonable rules and regulations governing the operation of its business and the conduct of its employees, and revise and modify such rules from time to time as conditions may require, subject to the procedure provided in Section 3 of Article V, (g) discharge employees for reasonable cause and lay off employees because of lack of work or for other justifiable reasons, (h) determine the number and arrangement of work shifts and starting and stopping time of each shift, subject to the other provisions of this agreement.

b. It is understood and agreed that the functions of management listed herein are not all-inclusive and that all such rights, powers, or authority not covered by this agreement shall be retained by the Company.

c. In case of misunderstandings arising as to meaning and intent of this Section 3 of this Article II, the parties hereto agree that determination of the true meaning and intent shall be made by the Business Manager of the Union and the President of the Company or their authorized representatives; provided that either party may request that the principal parties make the final determination.

Section 4. PUBLIC REGULATION. The parties hereto recognize that the Company is subject by law to regulation by the Public Service Commission of New Mexico and other government agencies. The parties agree that such regulation shall be respected and complied with by both parties to this agreement.

Section 5. UNION COOPERATION. The Union agrees for its members who are covered by this agreement that they will individually and collectively perform safe, efficient, and diligent service; that they will use their influence and best efforts to protect the property of the Company and its interests; and that they will cooperate in promotion and advancement of the Company and its service at all times as a matter of enlightened self-interest.

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ARTICLE III

METHOD OF NEGOTIATION --- ARBITRATION

Section 1. The President of the Company (or someone appointed by him to represent the Company) and the Business Manager of the Union (or someone appointed by the Business Manager to represent the Union) to be known as the Conference Committee, shall meet to satisfactorily adjust proposed changes referred to in Section 2 of Article 1 and other differences which may arise from time to time. Such additional representatives of the Union and the Company as the two above-mentioned representatives agree upon may participate in such meetings. Upon failure to satisfactorily adjust said changes or differences, the method of arbitration hereinafter set forth shall be followed, and a majority decision rendered by the arbitrators shall be final and binding on all parties hereto.

Section 2. A Board of Arbitration shall be formed as follows: three (3) persons to be selected by the Company and three (3) by the Union; and in the event that a majority of the six (6) so selected cannot agree on all matters referred to them, a wholly disinterested person shall be chosen by them as the seventh (7th) member of the Board.

Section 3. In the event the Arbitration Board is unable to agree upon the selection of the seventh (7th) member within ten (10) days from the date they decide they cannot agree on all matters referred to them, either party may refer the unsettled matter for adjustment to the President of the Company and the President of the International Brotherhood of Electrical Workers, or their duly authorized representatives. These two (2) shall constitute an Arbitration Committee; and in the event they are unable to fully agree on all matters referred to them, they shall provide for a method and procedure of arbitration of the unsettled matter.

Section 4. The Company and the Union mutually agree to foster harmonious relations and settled conditions of employment. The Company agrees that there shall be no lockout, and the Union agrees that it will call no strike against the Company during the period of this agreement and that any differences which may arise between the above mentioned parties shall be settled in the manner hereinbefore provided.

METHOD OF REPRESENTATION - CONTINUED

Section 1. The President of the Company shall be appointed by the Board of Directors for a term of one year and shall be eligible for re-election. The Board of Directors shall also have the power to elect or remove the President at any time. The President shall be the chief executive officer of the Company and shall have general and exclusive management of the business of the Company. He shall see that all orders of the Board of Directors are carried out and shall report to the Board at each regular meeting of the Board. He shall also report to the Board at such special meetings as may be called by the Board. He shall have the right to call and preside at all meetings of the Board of Directors and to call and preside at all meetings of the stockholders. He shall have the right to execute all contracts and agreements on behalf of the Company and to sign all checks and drafts payable to the Company. He shall have the right to borrow money on behalf of the Company and to execute all promissory notes and other instruments in connection with such borrowing. He shall have the right to employ and discharge all officers and employees of the Company and to fix their salaries and compensation. He shall have the right to make and alter the bylaws of the Company subject to the approval of the stockholders. He shall have the right to do all such other and various acts and things as may be necessary or proper to carry out the business of the Company.

Section 2. A Board of Directors shall be composed of not less than three (3) nor more than nine (9) members. The Board shall elect one or more of its members to be President and one or more to be Vice Presidents. The Board shall also elect one or more of its members to be Secretary and one or more to be Treasurers. The Board shall also elect one or more of its members to be members of the Audit Committee. The Board shall have the power to elect or remove any of its members at any time and to fill any vacancies that may occur. The Board shall meet at such times and places as it may determine. It shall hold regular meetings at least once a year. It may also hold special meetings at any time. The Board shall have the right to call and preside at all meetings of the Board. It shall have the right to execute all contracts and agreements on behalf of the Company and to sign all checks and drafts payable to the Company. It shall have the right to borrow money on behalf of the Company and to execute all promissory notes and other instruments in connection with such borrowing. It shall have the right to employ and discharge all officers and employees of the Company and to fix their salaries and compensation. It shall have the right to make and alter the bylaws of the Company subject to the approval of the stockholders. It shall have the right to do all such other and various acts and things as may be necessary or proper to carry out the business of the Company.

Section 3. The Board of Directors shall have the power to make and alter the bylaws of the Company subject to the approval of the stockholders. It shall have the right to call and preside at all meetings of the Board. It shall have the right to execute all contracts and agreements on behalf of the Company and to sign all checks and drafts payable to the Company. It shall have the right to borrow money on behalf of the Company and to execute all promissory notes and other instruments in connection with such borrowing. It shall have the right to employ and discharge all officers and employees of the Company and to fix their salaries and compensation. It shall have the right to make and alter the bylaws of the Company subject to the approval of the stockholders. It shall have the right to do all such other and various acts and things as may be necessary or proper to carry out the business of the Company.

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Section 5. The Board of Directors shall have the power to make and alter the bylaws of the Company subject to the approval of the stockholders. It shall have the right to call and preside at all meetings of the Board. It shall have the right to execute all contracts and agreements on behalf of the Company and to sign all checks and drafts payable to the Company. It shall have the right to borrow money on behalf of the Company and to execute all promissory notes and other instruments in connection with such borrowing. It shall have the right to employ and discharge all officers and employees of the Company and to fix their salaries and compensation. It shall have the right to make and alter the bylaws of the Company subject to the approval of the stockholders. It shall have the right to do all such other and various acts and things as may be necessary or proper to carry out the business of the Company.

ARTICLE IV

DEFINITIONS

Section 1. SENIORITY--Seniority, as used in this agreement, shall be confined in its application to the employees in the classifications set out in this agreement. For the purposes of this agreement, there shall be three types of seniority:

a. JOB SENIORITY--Job Seniority is herein defined as the total length of active service in a specific job classification as a regular employee. When an employee other than an apprentice is regularly assigned to more than one classification, as when serving on a swing shift, then job seniority shall run with the highest classification in which the employee is scheduled.

b. OPERATIONAL SENIORITY--Operational seniority is herein defined as the total length of active service in either electric or water operations of the Company since the first day of employment in such operations.

c. COMPANY SENIORITY--Company seniority is herein defined as the total length of active service in the Company since the first day of employment with the Company.

Section 2. OCCUPATIONAL GROUPS

a. ELECTRIC--Electric occupational groups, for the purposes hereof, shall consist of the following:

- (1) The electric line departments in each of the Company's Divisions; namely, Albuquerque, Belen, Deming, Las Vegas and Santa Fe.
- (2) The electrical equipment department in each of the Company's Divisions where such departments are established.
- (3) The electric meter department covering all of the Company's Divisions; namely Albuquerque, Belen, Deming, Las Vegas and Santa Fe.
- (4) The power production departments in each of the Company's Divisions; namely, Albuquerque and Santa Fe.

b. WATER--Water occupational groups, for the purposes hereof, shall consist of the following:

- (1) The distribution department in the Las Vegas Division.
- (2) The Canyon Department in the Las Vegas Division.
- (3) The distribution department in the Santa Fe Division.
- (4) The Canyon Department in the Santa Fe Division.

Section 3. TERMINATION OF SENIORITY--The seniority of an employee shall terminate under any of the following conditions: (1) When he quits. (2) When he is discharged. (3) When he is laid off for a period in excess of twenty-four consecutive months. (4) When he is temporarily laid off and fails to return to work within two weeks after requested to return or if he fails to notify the Company within 48 hours of his intention to return to work after notice has been given to him.

Section 4. ACTIVE SERVICE. Active service, for the purpose of this agreement, is herein defined as the actual amount of time for which a regular employee received compensation for full-time employment from the Company, to which shall be added:

(1) leave of absence for service in the military forces of the United States, as required by law. (2) leave of absence for Union business, (3) absence while convalescing from accident, sickness or injury. Other time spent out of the Company's service will not be included. When an employee is granted an authorized leave of absence not covered herein, he shall retain active service already accrued but no further active service shall accrue during such absence.

Section 5. EMPLOYEES--For the purpose of this agreement, there shall be three types of employees, as follows:

a. REGULAR EMPLOYEE. A regular employee shall be one who is employed for the routine conduct of the Company's business, who has passed through the probationary period, and who has been accepted by the Company as a regular employee.

b. PROBATIONARY EMPLOYEE. A probationary employee is one hired with a view to filling a regular position and who must serve for a period of six months, during which his qualifications for the work can be determined, before being advanced to the status of a regular employee. A probationary employee shall be rated at the end of the second, third, and fifth months of service, and he shall be advised as to his progress.

c. TEMPORARY EMPLOYEE. A temporary employee is an individual employed for occasional work or for a limited period, not to exceed four (4) months, and whom the Company has no intention of accepting as a regular employee. Such an employee shall not be subject to the provisions of this agreement except as to hours of work and rates of pay provided herein. Temporary employees who are considered for regular employment at the end of four (4) months of continuous employment shall be considered as having served four (4) months of their probationary period of employment.

Section 6. STATUS OF PROBATIONARY EMPLOYEES. All probationary employees hired to fill any of the jobs covered by this agreement shall be considered as on probation for the first six months of their employment. During this probationary period, none of the provisions of this agreement shall apply to such persons except that hours of work and hourly rates of pay shall be based on the rates provided herein. If accepted as regular employees, job seniority shall begin at the end of the probationary period, and operational and Company seniority, after acceptance as a regular employee, shall begin at the date of original employment.

During the six-month probationary period, probationary employees will be paid at the hourly rate for the job for the hours worked but will be entitled to pay for holidays and meals when required by overtime work on exactly the same basis as regular employees. However, probationary employees are not entitled to uniforms during the probationary period.

Section 7. REGULAR WORK DAY AND WEEK--Eight (8) hours shall constitute a day's work, and forty (40) hours shall constitute a week's work.

ARTICLE V

GENERAL PROVISIONS

Section 1. HOLIDAYS. Holidays shall be New Year's Day, Good Friday, Memorial Day, Independence Day (Fourth of July), Labor Day, Veterans Day, Thanksgiving Day, Christmas Day, or days celebrated as such. Power plant maintenance employees and shift employees shall celebrate the exact date upon which the holiday falls except when the holiday falls on the employees seventh day, in which case the employee shall celebrate the following day as a holiday. Those engaged in power plant operation shall celebrate the exact date upon which the holiday falls.

Section 1.1 (ARTICLE I) - General Principles
The purpose of this Agreement is to establish the rights and obligations of the Employer and the Employees. The Employer agrees to provide a safe and healthy work environment, and the Employees agree to follow the rules and regulations of the Employer.

Section 1.2 (ARTICLE II) - Definitions
For the purposes of this Agreement, the following definitions shall apply:
"Employer" means the individual or entity who employs the Employees.
"Employees" means the individuals who are employed by the Employer.
"Work" means the duties and responsibilities assigned to the Employees by the Employer.

Section 1.3 (ARTICLE III) - Compensation
The Employer shall provide compensation to the Employees in accordance with the following schedule:
The minimum wage shall be \$10.00 per hour.
The maximum wage shall be \$15.00 per hour.
The Employer shall provide a bonus to the Employees at the discretion of the Employer.

Section 1.4 (ARTICLE IV) - Benefits
The Employer shall provide the following benefits to the Employees:
Health insurance
Dental insurance
Life insurance
Retirement plan

Section 1.5 (ARTICLE V) - Grievance Procedure
The Employer shall establish a grievance procedure to resolve disputes between the Employer and the Employees.

Section 1.6 (ARTICLE VI) - Termination
The Employer shall have the right to terminate the employment of the Employees for the following reasons:
Poor performance
Violation of the rules and regulations of the Employer
Incompetence
The Employer shall provide written notice of termination to the Employees.

Section 2. VACATIONS. All regular employees of the Company covered by this agreement shall be entitled to vacations with pay in accordance with the following:

a. PERIOD. All vacations shall be taken between May 1 and December 1 of each year; provided, that vacations may be taken at other times when mutually agreed upon in advance by the employee and the supervisor in charge of the department.

b. BASIS.

(1) Vacations shall be based upon continuous active service as of April 1 of each year. Regular employees having less than twelve (12) months of continuous active service shall receive $\frac{5}{6}$ of a day for each full month of continuous active service; those having twelve (12) months but less than ten years of continuous active service shall receive two weeks (10 work days) vacation; those having ten (10) years but less than thirty (30) years of continuous active service shall receive three weeks (15 work days) vacation; and those having thirty (30) years or more of continuous active service shall receive four weeks (20 work days) vacation.

(2) When accruals for employees having less than twelve (12) months of continuous service result in fractions, a full day of vacation will be allowed when the fraction is one-half ($\frac{1}{2}$) or more; and when the fraction is less than one-half, the fraction will be disregarded.

c. ACCUMULATION OF VACATION. Vacation time may be accumulated in accordance with the following rules:

- (1) The first week (5 work days) of vacation earned must be taken each year and cannot be waived by the employee or the company.
- (2) Any vacation earned in excess of one week (5 work days) may be accumulated and taken in following years subject to the provisions of subparagraph (3) of this paragraph c.
- (3) Regardless of the amount of vacation earned and accumulated, not more than four weeks (20 work days) may be taken by any employee during any year.
- (4) If an employee is separated from employment for any reason, such employee shall be entitled to pay for earned vacation including accumulated vacation as of the preceding April 1.

Section 2. Vacations. All regular employees of the

Company covered by this plan shall be entitled to

vacations with pay in accordance with the following

and Section 1 of the plan shall be entitled to

be taken at other times when mutually agreeable to

by the employee and his supervisor in writing.

1. (1) Vacations shall be granted to regular employees

service of at least one year and who have not been

having been absent from work for more than 30 days

service shall receive 15 days of vacation. Employees

continuous active service for at least five (5) years

but less than ten (10) years shall receive 20 days

receive two weeks (14 days) of vacation. Employees

ten (10) years and over shall receive 25 days of

active service shall receive 30 days of vacation.

vacation shall be granted to regular employees who

continuing active service for at least five (5) years

days) vacation.

(2) When an employee is absent from work for 30 days

(12) months of continuous absence, the employee shall

day of vacation shall be 15 days. If an employee

(3) or more and when the employee is absent from

vacation will be 15 days.

c. Accumulation of vacation. If an employee has

accrued 15 or more days of vacation, the employee

(1) The first 15 days of vacation shall be paid

and 15 days each year and shall be paid for

d. SCHEDULING. In April of each year, every regular employee shall apply to his immediate supervisor on a vacation application form for the earned vacation allowance accrued for the year ending April 1. The employee shall show in his request the amount of vacation allowance earned, the date upon which the employee desires to start his vacation, and the amount of earned vacation the employee wishes to accumulate and take in future years. These requests will be reviewed by the Company and vacation periods assigned to each employee in accordance with his request insofar as operating conditions permit. Where conflicts occur as to choice of dates between two or more employees in a vacation group, Company seniority will control.

e. STARTING-ENDING TIME. Vacation periods shall normally start and end at the beginning of the employee's work week. Split vacations may be arranged if the job and working conditions permit such vacations without detriment to the Company's operations.

f. PAY. The vacation pay to be received will be the same pay the employee would have received at his regular job at straight time. If a holiday occurs during an employee's vacation, he shall be granted an additional day off.

Section 3. GRIEVANCES. Should any dispute or difference arise between the Company and the Union or the Union and the Company as to the interpretation, application or operation of any provision of this agreement not specifically settled in said agreement, both parties shall endeavor to settle the dispute or difference in the simplest and most direct manner.

a. ON-THE-JOB DISPUTES OR GRIEVANCES. When a dispute or difference arises, the employee and supervisor concerned shall immediately attempt to settle the dispute or difference. If the employee and supervisor fail to settle the dispute or difference, either party may request the Department Steward and in such case use every reasonable means to call the Department Steward to the scene; or in the absence of the Department Steward, another steward may be called to obtain all the details and if possible to settle the dispute or difference. If neither the employee nor the supervisor requests the Steward, the dispute or difference shall be considered as settled and no cause for a grievance. No employee shall be discriminated against for invoking this procedure in a reasonable dispute or difference.

b. FORMAL GRIEVANCE PRODEDURE. The procedure (unless changed or any step thereof is waived by mutual consent) shall be as follows:

1st. The shop steward of the Union and the immediate supervisor or foreman shall attempt to settle the dispute or difference.

2nd. Next, if the matter is not reconciled or settled by the above within 48 hours, it shall be referred to the shop steward of the Union and the department superintendent.

3rd. If the matter is not settled within 48 hours by the steward and department superintendent, it shall be reduced to writing and submitted to the Business Manager of the Union and a Vice President of the Company. The Business Manager of the Union and a Vice President shall select or appoint such assistants as they may desire to assist in consideration of the matter. If a grievance is not presented in this step within 15 calendar days after its occurrence, it shall no longer exist.

4th. If the matter is not settled by the above steps, then it shall be submitted to the Conference Committee for negotiation and, if required, for arbitration as provided in Article III of this agreement.

Section 4. INCLEMENT WEATHER. The head of the department shall decide what constitutes inclement weather; and when employees are unable to work on account of weather conditions, employees will be held pending emergency calls. During this time they may be given first-aid training, safety or other instruction, or may be required to perform miscellaneous work in the yard, warehouse, or in any sheltered location.

a. SPECIAL CLOTHING. All men required to work in rainy weather, whose work necessitates the use of such equipment, shall be furnished, by the Company, rubber coats, rain hats, rubber boots, and rubber gloves, which shall be issued individually. The supervisor shall determine the necessity for the issuance of such equipment. Any employee receiving any of the above equipment shall sign a receipt for same and be held responsible for the return to the Company of such equipment in as good condition as when received, reasonable wear and tear excepted.

Section 5. LOSS OF PAY. Any employee covered by this agreement may suffer loss of pay when:

8. FORMER CLEVELAND DISTRICT... changed or any other... shall be as follows:

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Section 17... want shall... when employees... conditions... During this... or other... serious work in... location.

... rainy weather... equipment... rain water... issued... necessity for... recycling... case and... such equipment... responsible...

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a. **FAILURE TO REPORT:** He does not report for work, except during his vacation period.

b. **WORKMEN'S COMPENSATION:** In case of accidents where the employee is covered by the New Mexico Workmen's Compensation Act.

c. **COMPULSORY LOSS OF PAY:** No benefits will be paid for sickness, injury, or disability caused by use of alcoholic beverage or narcotic drugs. Any employee covered by this agreement suffering sickness, injury, or disability as above and who misrepresents the cause may be discharged by the Company.

d. **APPLICABILITY OF RULE:** Whenever this rule is invoked, it shall be at the discretion of the department or group supervisor, as the case may be, and payment for time actually worked by the employee shall be computed on the basis of the hourly rate established hereby. Disputes or differences under this rule shall be disposed of in the manner provided in Section 3 of this Article (V).

Section 6. **MEDICAL EXAMINATIONS.** The Company reserves the right to arrange at its own expense for medical examinations of any employee at any time for the purpose of determining the fitness of the employee to continue in his position. In the event of such examination, a doctor designated by the employee shall be furnished a copy of the medical examination report. The Company will try, as heretofore, to furnish employment for which they are fitted to employees who have become unfit to continue to perform their regular duties.

Section 7. **SAFETY.** There shall be appointed a Committee of three (3) to be selected by the Company and three (3) to be selected by the Union. The Safety Director shall be a member and Chairman of the Committee. The Committee shall be known as the Safety Committee and shall be appointed in March of each year. The Committee shall hold regular quarterly meetings, and it may hold special meetings at the call of the Chairman or any two members thereof. It shall be the duty of the Committee to formulate rules and regulations for safety and to observe and report any violations to the Manager of the Division for enforcement.

a. **RECORDS.** The Safety Committee shall record and maintain a record of its proceedings.

b. **SUBCOMMITTEES AND REPRESENTATIVES.** The Safety Committee may direct the appointment of such division or group safety representatives or committees as it deems

desirable and shall establish the duties and responsibilities of such representatives or committees.

c. APPEALS. Either the Union or the Company may appeal any decisions or actions of the Safety Committee by following the procedure outlined in Section 3 of this Article (V), omitting steps 1 and 2. Decisions reached by appeal shall be binding upon the Safety Committee.

Section 8. APPRENTICESHIP PROGRAM. A committee to be known as the Apprenticeship Committee shall be formed in March of each year to hold office until its successor is formed the following March. The committee shall consist of three (3) members selected by the Company and three (3) members selected by the Union. The Company's Safety Director or such other person as may be responsible for personnel matters from time to time shall act as secretary of the Committee and maintain a record of its proceedings. A chairman shall be selected by the Committee from among its members at its organization meeting to be held in March of each year.

a. DUTIES. The committee shall formulate policies, administer and supervise all apprenticeship training programs provided in this agreement.

b. SUBCOMMITTEE AND REPRESENTATIVES. The Apprenticeship Committee may appoint or cause to be appointed, subcommittees or representatives in the divisions and groups, as it deems desirable or necessary.

c. MEETINGS. An organization meeting shall be held as soon as possible after the appointment of the committee, and thereafter regular meetings shall be held quarterly and at the call of the chairman or secretary when required.

d. APPEALS. Either the Union or the Company may appeal any decisions or action of the Apprenticeship Committee by following the procedure outlined in Section 3 of this article (V), omitting steps 1 and 2. Decisions reached by appeal shall be binding upon the Apprenticeship Committee.

Section 9. STEWARDS. The Company recognizes the right of the Union to designate a Steward where workmen are employed under the terms of this agreement. Such Steward shall be allowed sufficient time to see that the terms of this agreement are enforced. Under no circumstances shall a Steward be discriminated against because of his faithful performance of duties as Steward.

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desirable and shall establish a system of such representatives.

c. APPEALS. When the Committee makes any decision on action or action of the Committee, the procedure outlined in paragraph (V), omitting steps 1 and 2, shall be binding upon the Committee.

Section 2. APPOINTMENT. The Committee shall be composed of representatives of the Union to be elected each year to hold office until the following March. The Committee shall be composed of members selected by the Council of the Union. The Council shall select one member from each of the following categories: (a) representatives of the Union; (b) representatives of the Government; (c) representatives of the public; (d) representatives of the private sector; (e) representatives of the academic community; (f) representatives of the business community; (g) representatives of the labor community; (h) representatives of the media; (i) representatives of the arts and sciences; (j) representatives of the religious community; (k) representatives of the environmental community; (l) representatives of the human rights community; (m) representatives of the indigenous community; (n) representatives of the disabled community; (o) representatives of the elderly community; (p) representatives of the youth community; (q) representatives of the lesbian, gay, bisexual, and transgender community; (r) representatives of the interfaith community; (s) representatives of the international community; (t) representatives of the global community; (u) representatives of the future generations; (v) representatives of the global citizens; (w) representatives of the global leaders; (x) representatives of the global thinkers; (y) representatives of the global doers; (z) representatives of the global dreamers.

d. DUTIES. The Committee shall administer and supervise all activities provided in this agreement.

e. SUBCOMMITTEES. The Committee may establish any number of subcommittees or representatives to the Committee and shall determine the number and composition of such subcommittees or representatives.

f. MEETINGS. The Committee shall meet as often as possible after the call of the Committee and shall thereafter regular meetings at the call of the Committee and shall determine the number and composition of such meetings.

g. APPEALS. When the Committee makes any decision or action of the Committee, the procedure outlined in paragraph (V), omitting steps 1 and 2, shall be binding upon the Committee.

Section 3. STAFF. The Committee shall employ under the terms of the agreement, and shall be allowed sufficient funds to carry out this agreement and shall be authorized to award be distributed and shall be responsible for the performance of duties as assigned.

Section 10. HOURLY RATE OF PAY. The Straight-time hourly rate of pay shall be determined by the following formula:

$$\frac{\text{Monthly Wage Rate} \times 12}{52 \times 40} = \text{Straight-Time Hourly Rate}$$

The monthly wage rate shall be that applicable to the classifications as hereinafter provided, and the straight time hourly rates so determined shall apply to all temporary and probationary employees and shall be applicable whenever reference is made to the hourly rate herein.

Section 11. PAYROLL CLASSIFICATION. All employees covered by this agreement shall be classified on the payroll of the Company according to the type and class of work they do for the Company, based on the classifications set forth in this agreement.

Section 12. TRANSPORTATION. Transportation will be furnished two (2) ways on Company time, from the regular assigned headquarters to the job site or sites and return.

a. APPLICABILITY. The provisions of this Section 12 of this Article (V) apply to all employees except Production Department employees.

Section 13. ABSENCE FROM HEADQUARTERS. When the Company requires employees to be away from their homes overnight, meals and lodging will be furnished and paid for by the Company. Foremen and others in charge of the work will make all necessary arrangements in this connection.

a. TRAVEL. Travel to out-of-town jobs and from such jobs after completion will be on Company time. All other travel will be performed on the employee's time. If the job lasts more than one week, employees will be reimbursed for the cost of transportation or transportation will be provided from the job to their permanent headquarters and back to the job if the employee elects to return to his headquarters.

Section 14. MEALS DURING OVERTIME. The Company agrees to provide or pay for reasonable meals when working overtime and during normal meal periods. When men are called out to work in emergency without previous notice and miss a meal thereby, the Company will provide or pay for a meal. The Company will not be required to provide a meal on any scheduled work of less than eight hours of which men have had previous notice, except as otherwise provided herein.

Section 10. Hourly Rate of Pay. The hourly rate of pay shall be determined by the following formula:

$$\text{Monthly Rate} = \frac{\text{Monthly Salary}}{12 \times 20.83}$$

The monthly salary shall be determined by the classification of the employee. The hourly rate of pay shall be determined by the following formula:

Section 11. Overtime Pay. Overtime pay shall be paid to an employee for all hours worked in excess of the normal working hours of the Company, as determined by the Company, in this agreement.

Section 12. Vacation Pay. Vacation pay shall be paid to an employee for all vacation days taken during the year, as determined by the Company, in this agreement.

Section 13. Sick Leave Pay. Sick leave pay shall be paid to an employee for all sick leave days taken during the year, as determined by the Company, in this agreement.

Section 14. Travel Pay. Travel pay shall be paid to an employee for all travel days taken during the year, as determined by the Company, in this agreement.

Section 15. Travel Expenses. Travel expenses shall be paid to an employee for all travel days taken during the year, as determined by the Company, in this agreement.

Section 16. Travel Expenses. Travel expenses shall be paid to an employee for all travel days taken during the year, as determined by the Company, in this agreement.

Foremen or other supervisors in charge of work shall make all necessary arrangements in this connection. An employee who is required to work for more than two hours beyond the scheduled quitting time shall be entitled to a meal furnished or paid for by the Company and to an additional meal for each additional five hours work thereafter. It is agreed that the Company will not recompense employees for meals eaten in their own homes and that meals shall be eaten on the employees' own time.

Section 15. OVERTIME. It is recognized that by the nature of the Company's business emergencies and scheduled work in excess of the regular work week will be required. Insofar as possible, overtime work shall be distributed impartially and evenly to employees of all Classifications.

a. REGULAR WORKING HOURS. The regular working hours of employees, except those assigned to shift work, shall be eight (8) hours between the hours of 8:00 A.M. and 5:00 P.M. The hours shall be consecutive except thirty (30) minutes or one hour will be allowed for lunch. Normally the lunch period will start at 12:00 Noon.

b. REGULAR WORK WEEK. The regular work week of employees, except those assigned to shift work, power plant operation, and power plant maintenance (including electrical equipment regularly assigned to the power plant) shall be Monday through Friday.

c. OVERTIME RATES OF PAY. Overtime shall consist of all time worked in excess of eight (8) hours per day and five (5) regularly scheduled consecutive days per week, except that the hours and days shall be adjusted for power plant maintenance and shift employees as provided in paragraph d of this Section 15, and shall be paid for at the following rates:

- (1) From the regularly scheduled quitting time to 12:00 Midnight on all days except Sundays and holidays, at time and one-half.
- (2) From 12:00 Midnight until 8:00 A.M., at double time.
 - (a) When overtime starts between 12:00 Midnight and 4:00 A.M., double time shall continue until the employee receives a ten (10) hour rest period. Further, the employee shall not lose pay for regularly scheduled working hours if the employee reports for work at the end of the rest period.

- (b) When overtime is started between 4:00 A.M. and 8:00 A.M., the employee will be paid at double time. Employees not assigned to shift work shall receive continuous overtime until 8:00 A.M. The regularly scheduled eight hours working time following shall be paid at the straight-time rate.
- (3) Overtime worked on Saturdays during the hours from 8:00 A.M. to 12:00 Midnight, at time and one-half.
- (4) Overtime worked on Sundays, at double time.
- (5) Overtime worked on Holidays, at double time in addition to the monthly pay.
- (6) Employees who are required to report back for overtime work shall receive a minimum equal to two (2) hours pay at the straight-time rate.
- (7) When men are called out without notice for immediate duty for emergency overtime work, one-half hour straight time shall be added to the time actually on the job. Time actually on the job shall begin when the employee reports at the assigned headquarters and shall end when the employee is returned to the headquarters.

d. SHIFT, POWER PLANT OPERATION, AND POWER PLANT MAINTENANCE EMPLOYEES. Rates of overtime pay for employees assigned to shift work and power plant maintenance shall be as set out in "c" above of this Article (V), except that the day following the regularly scheduled work week shall be considered as Saturday and the second day following as Sunday. The hours shall likewise be adjusted to conform with the hours set out in "c" above. For example, if a shift ends at 11:00 P.M., then 11:00 P.M. to 6:00 A.M. shall correspond to 5:00 P.M. to 12:00 Midnight; 6:00 A.M. to 10:00 A.M. shall correspond to 12:00 Midnight to 4:00 A.M.; and 10:00 A.M. to 2:00 P.M. shall correspond to 4:00 A.M. to 8:00 A.M.

Section 16. PROMOTIONS, DEMOTIONS, LAYOFFS AND REEMPLOYMENT. In all actions involving promotion, demotion, layoff or re-employment, consideration shall be given to fitness, ability and seniority.

e. FITNESS AND ABILITY.

- (1) The determination of fitness and ability shall be the right and responsibility of the Company;

provided that in the event an employee or employees feel that such a determination is unfair or has been arbitrarily made, such determination may be appealed under provisions of Section 3 of this Article (V).

(2) In the determination of fitness and ability, consideration will be given to the following:

- (a) Necessary physical qualifications.
- (b) Experience related to the job.
- (c) Capability to perform and discharge all of the duties of the job.
- (d) Performance of work in accordance with instructions and Company standards.
- (e) Protection of the property and interests of the Company.
- (f) Observance of rules and regulations of the Company.
- (g) Promptness, regularity, and dependability.
- (h) Cooperation with supervisors.
- (i) Harmonious relationship with fellow employees.

b. SENIORITY. When the fitness and ability of two or more employees are, so far as can be determined, essentially equal, then seniority shall control in the manner hereinafter set out.

- (1) (a) PROMOTION. If qualified employees are available in the occupational group, then the employee with the longest job seniority in the occupational group shall be promoted. If there are no qualified employees in the group, then the qualified employee with longest operational seniority shall be promoted.

(b) APPRENTICES. When an apprentice has completed his prescribed training, it is recognized that journeymen vacancies may not exist, and in such case the apprentice may be retained in the last year of his apprenticeship until a vacancy occurs or in such other vacancy as may be prescribed specifically herein.

(2) (c) SENIORITY

(2) (a) DEMOTIONS AND LAYOFFS. If a reduction in the number of employees in any classification of any occupational group should become necessary, then the first demoted shall be those with shortest job seniority (company wide) in any like occupational groups. Employees so demoted shall then have preemptive rights to a job in the occupational group in the next lower classification.

(b) DEMOTION FOR INCAPABILITY. If within six (6) months after promotion an employee, other than an apprentice, is found to be incapable of satisfactorily filling the job to which he has been promoted then such employee shall be demoted and shall retain job seniority in the classification from which he was promoted. Such employee shall receive job seniority in the original classification as though he had never left the classification.

(c) REEMPLOYMENT. If reduction in the number of employees results in lay-offs, then those having the longest operational seniority shall be the first to be reemployed; provided, that such employees keep the Company informed of their whereabouts and advise upon notification that they will report back and do report back within fourteen (14) days. If no opportunities for re-employment arise within twenty-four (24) months, then employees so laid off shall have no special rights to re-employment.

Section 17. TRANSFER. Transfers are herein classified as temporary and permanent transfers.

a. TEMPORARY TRANSFERS. Temporary transfers are those made to fill a necessary job due to emergency or inability of the Company to fill a necessary job and shall be for periods of not more than ninety (90) days. Such temporary transfers may be made between occupational groups and departments and shall be accepted by the employee; and in such case, if the classification carries a higher pay schedule and the employee fills the job for four or more hours during any work day, the employee shall receive the pay for said classification during such time. If the job carries a lower classification, the employee shall be paid at his usual rate of pay. Seniority shall continue in the employee's regular job classification.

b. PERMANENT TRANSFERS. In case of vacancies occurring in any job classification in any similar occupational group, transfers may be made by the Company from other similar

- (2) (b) ... number of years ... the first ... seniority ... group ...
- (b) ... seniority ... in the ... left the ...
- (c) ... employee ... the ... first to ... employees ... who ... will report ... (11) days ... also ... go ... employment ...

Section 17. ... as temporary and permanent ...

2. TEMPORARY EMPLOYMENT ... made to fill a position ... the Company to fill a position ... of not more than ninety (90) days ... may be made between temporary and permanent employees ... shall be accepted by the ... classification ... fills the job for four or more years ... employee shall receive ... such time, if the job ... employee shall be paid ... shall continue in the employee's ...

d. PERMANENT EMPLOYMENT ... in any job classification ... transfers may be made ...

occupational groups on a permanent basis. In such cases, the employee's job seniority shall be the same as that he enjoyed in the original occupational group. Employees shall not be required to accept such transfers and shall not lose any rights or seniority by reason of their refusal.

ARTICLE VI

RULES FOR THE LINE DEPARTMENT

Rule 1. Men working on lines or equipment carrying a voltage of 600 volts or more or doing other hazardous work must use necessary protective equipment and shall not work alone and shall be accompanied by a journeyman or a fourth-year apprentice. No employee shall tie in or work voltage of 5,000 volts or more without the use of hot sticks unless specifically waived by the General Safety Committee, and in such case no employee shall be required to work without hotsticks. It is recognized, however, and agreed that when working by themselves journeymen may re-fuse transformers, using proper protective equipment, and may, when it is considered safe, cut lines in the clear.

Rule 2. Men working energized lines of a nominal voltage of 10,000 volts and above will receive a premium of 10% of the established hourly rate, for the time actually worked with hot sticks.

The 10% premium mentioned above will not apply to the following types of work 1) changing transformers, including connecting and disconnecting the transformer taps; 2) switching, including opening and closing cut-out and oil circuit breakers; 3) installing or removing protective equipment when not accompanied by hot stick work; 4) refusing transformers; and it is agreed that the 10% premium shall not apply to individual jobs requiring less than 15 minutes of actual working time with hot sticks; and the premium pay will begin when the men arrive at the job site and end when work on 10,000 volt lines, or above, is finished.

Rule 3. FOREMAN: Shall be a Journeyman Lineman who has served four (4) years as such.

Rule 4. Classification of employees in the Line Department covered by this Agreement is as follows:

WORKING FOREMAN: Shall be a Journeyman Lineman who has served four (4) years as such and shall not have to exceed two (2) linemen working with him except for periods of less than four (4) hours.

occupational groups on a permanent basis. In the case of an employee's job seniority shall be determined by the date of entry in the original occupational group. Seniority shall not be required to accept such transfer and shall be determined by rights or seniority by reason of this article.

ARTICLE VI

RULES FOR THE LINEMEN

Rule 1. Men working on lines carrying a voltage of 600 volts or more shall be accompanied by a competent person and shall use necessary protective equipment and shall not work alone and shall be accompanied by a competent person. No employee shall be required to work on lines carrying a voltage of 5,000 volts or more without the use of hot sticks. Specifically waived by the General Contracting Association in such case no employee shall be required to work on lines carrying a voltage of 5,000 volts or more without the use of hot sticks. It is recognized, however, that in some cases it is necessary for journeymen to work on lines carrying a voltage of 5,000 volts or more without the use of hot sticks using proper protective equipment, and such cases shall be considered as such, but lines in the case of such cases shall be considered as such.

Rule 2. Men working energized lines carrying a voltage of 10,000 volts and above shall be accompanied by a competent person and shall use necessary protective equipment and shall not work alone and shall be accompanied by a competent person. No employee shall be required to work on lines carrying a voltage of 10,000 volts or more without the use of hot sticks. It is recognized, however, that in some cases it is necessary for journeymen to work on lines carrying a voltage of 10,000 volts or more without the use of hot sticks using proper protective equipment, and such cases shall be considered as such, but lines in the case of such cases shall be considered as such.

The 10% premium mentioned above will not apply to the following types of work: (1) changing transformers, (2) connecting and disconnecting the transmission lines, (3) switching, including opening and closing of circuit breakers, (4) installing or removing of equipment when not accompanied by hot sticks, (5) working on transformers and it is agreed that the 10% premium shall not apply to individual jobs resulting from the above types of actual working time with hot sticks, and the premium will begin when the men arrive at the job and will end when work on 10,000 volt lines, or above, is completed.

Rule 3. FOREMAN: Shall be a journeyman who has served four (4) years as such.

Rule 4. Classification of employees in the Department covered by this Agreement shall be as follows:

WORKING FOREMAN: Shall be a journeyman who has served four (4) years as such and who has exceeded two (2) years working with the exception of less than four (4) hours.

JOURNEYMAN LINEMAN: Shall be a Journeyman in his craft.

APPRENTICE LINEMAN: Is a learner of the trade and may serve a four (4) year course of apprenticeship and may be given training in all branches of the trade and shall work under direct supervision of a Journeyman.

TRUCK DRIVER AND HOLE DIGGER OPERATOR: Shall be an experienced driver capable of handling heavy trucks equipped with power-driven winches and capable of operating hole-digging equipment.

GROUNDMAN LINEMAN: Shall be a journeyman lineman with at least 10 years of service with the Company or who has been injured in the service of the Company and shall act as the senior groundman. However, there shall never be more than one such Groundman Lineman assigned to each heavy construction crew. Men on the assignment shall continue to accrue seniority as a lineman.

TRUCK DRIVER: Shall be an experienced driver, capable of handling heavy trucks equipped with power driven winches. There shall be a truck driver on each truck equipped with a power-driven winch, except as otherwise agreed.

UTILITY HELPER: Shall be an employee, normally serving as a Helper, but capable of instructing new Helpers, of performing rough concrete work, rough carpentry, and minor tool repair. Only one such Utility Helper may be assigned to a Line Crew. To qualify as a Utility Helper the employee must have served at least five (5) years as a Class "A" Helper.

SENIOR HELPER: Shall have served at least twelve (12) months as a Class "A" Helper.

CLASS "A" HELPER: Shall have served at least twelve (12) months as a Class "B" Helper.

CLASS "B" HELPER: Is an inexperienced man.

Rule 5. Apprentices shall be under the full supervision of the Apprenticeship Committee and shall be promoted or demoted under their guidance.

Rule 6. There shall be one (1) apprentice lineman allowed to each five (5) journeyman linemen, provided, however, that not less than two (2) apprentices will be allowed in each Division. A working foreman is considered as a lineman under this rule.

JOURNEYMAN LABORER

APPROXIMATELY 10 years of experience in the construction industry, with a minimum of 5 years in the last 10 years, and a minimum of 2 years in the last 5 years, as a Journeyman Laborer, under direct supervision of a Foreman.

TRUCK DRIVER: A minimum of 5 years of experience as a Truck Driver, with a minimum of 2 years in the last 5 years, and a minimum of 1 year in the last 2 years, as a Truck Driver, under direct supervision of a Foreman.

GRADING: A minimum of 5 years of experience in the construction industry, with a minimum of 2 years in the last 5 years, and a minimum of 1 year in the last 2 years, as a Grader, under direct supervision of a Foreman.

TRUCK DRIVER: A minimum of 5 years of experience as a Truck Driver, with a minimum of 2 years in the last 5 years, and a minimum of 1 year in the last 2 years, as a Truck Driver, under direct supervision of a Foreman.

UTILITY: A minimum of 5 years of experience in the construction industry, with a minimum of 2 years in the last 5 years, and a minimum of 1 year in the last 2 years, as a Utility Worker, under direct supervision of a Foreman.

SENIOR HELPER: A minimum of 5 years of experience in the construction industry, with a minimum of 2 years in the last 5 years, and a minimum of 1 year in the last 2 years, as a Senior Helper, under direct supervision of a Foreman.

CLASS "A" HELPER: A minimum of 5 years of experience in the construction industry, with a minimum of 2 years in the last 5 years, and a minimum of 1 year in the last 2 years, as a Class "A" Helper, under direct supervision of a Foreman.

CLASS "B" HELPER: A minimum of 5 years of experience in the construction industry, with a minimum of 2 years in the last 5 years, and a minimum of 1 year in the last 2 years, as a Class "B" Helper, under direct supervision of a Foreman.

RULE 2: A minimum of 5 years of experience in the construction industry, with a minimum of 2 years in the last 5 years, and a minimum of 1 year in the last 2 years, as a Rule 2 Worker, under direct supervision of a Foreman.

RULE 3: A minimum of 5 years of experience in the construction industry, with a minimum of 2 years in the last 5 years, and a minimum of 1 year in the last 2 years, as a Rule 3 Worker, under direct supervision of a Foreman.

Rule 7. Notwithstanding any of the other provisions hereof, it is expressly understood that in making assignments on shifts as troublemen the primary considerations shall be years of service with the company and physical condition, to the end that capable employees no longer able to satisfactorily perform the duties of a lineman on regular crew assignments shall be given the opportunity of serving in such shifts, it being understood that in such assignments such men must of course have the necessary fitness and ability for the assignment and that this provision will not be utilized in assigning men with less than 10 years of service with the company.

Rule 8. When two (2) journeymen are given a common assignment which will require four hours or more to complete, one will be designated Working Foreman.

Rule 9. The Company's collector shall have the right to remove meters and return said meters to the storeroom when customers refuse payment of bills, when such removal can be accomplished by use of a screwdriver.

WAGE SCHEDULES FOR LINE DEPARTMENT

Rule 10. All employees in the Line Department covered by this agreement shall be paid the following wages:

Classification	Effective March 1, 1959		Effective March 1, 1960	
	Mo. Wage	Hr. Wage	Mo. Wage	Hr. Wage
Working Foreman	\$558	\$3.219	\$580	\$3.347
Journeyman Lineman	508	2.931	528	3.046
Apprentice Lineman				
1st Year	356	2.054	370	2.135
2nd Year	406	2.342	422	2.435
3rd Year	432	2.492	449	2.590
4th Year	457	2.637	475	2.740
Truck Driver & Hole				
Digger Operator	440	2.538	458	2.642
Groundman Lineman	421	2.429	438	2.527
Truck Driver	400	2.308	416	2.400
Utility Helper	369	2.129	334	2.215
Senior Helper,				
More than 24 Mos.....	355	2.048	369	2.129
Class "A" Helper,				
18 to 24 Mos.....	334	1.927	347	2.002
Class "A" Helper,				
12 to 18 Mos.....	313	1.806	326	1.881

Class "B" Helper, 6 to 12 Mos.....	283	1.633	294	1.696
Class "B" Helper, 0 to 6 Mos.....	258	1.488	268	1.546
(Adjustment of 1959 includes payment for lunches for all Classifications in Line Dept.)				

ARTICLE VII

RULES FOR ELECTRICAL EQUIPMENT DEPARTMENT

Rule 1. Men working on lines or equipment carrying a voltage of 600 volts or more or doing other hazardous work must use necessary protective equipment and shall not work alone and will be accompanied by a journeyman or a fourth-year apprentice. When such an equipment apprentice or an equipment journeyman is not available in the Division, a fourth-year apprentice or journeyman lineman may be utilized.

Rule 2. EQUIPMENT FOREMAN: Shall be a journeyman in his craft who has served four (4) years as such.

Rule 3. Classification of employees in the electrical equipment department covered by this agreement is as follows:

EQUIPMENT WORKING FOREMAN: Shall be a journeyman in his craft and shall not have to exceed two (2) journeymen working with him except for periods of less than four hours.

EQUIPMENT JOURNEYMEN: Shall be a journeyman in his craft.

APPRENTICE EQUIPMENT MAN: Is a learner of the trade and may serve a four (4) year course of apprenticeship and shall be given training in all branches of the trade, and shall work under the direct supervision of a journeyman.

TRUCK DRIVER: Shall be an experienced driver capable of handling heavy trucks equipped with power-driven winches. There shall be a truck driver on each truck equipped with a power-driven winch.

UTILITY HELPER. Shall be an employee, normally serving as a Helper, but capable of instructing new Helpers, or performing rough concrete work, rough carpentry, and minor repairs. Only one such Utility Helper may be assigned to an Equipment Department. To qualify as a Utility Helper the employee must have served at least five (5) years as a Class "A" Helper.

SENIOR HELPER: Shall have served at least twelve (12) months as a Class "A" Helper.

Class "B" Helper
 6 to 12 months
 Class "B" Helper
 0 to 6 months
 (Adjustment of 10% in favor of Helper in all
 classifications in 1st year)

RULES FOR ELECTRICAL TRAINING

Rule 1. Men working on live wires shall be provided with voltage of 600 volts or more on their equipment. They must use necessary protective equipment and shall not work alone and will be accompanied by a journeyman or fourth-year apprentice. When such a condition exists, the equipment journeyman is not required to be present. A fourth-year apprentice or journeyman must be on duty.

Rule 2. Equipment journeyman shall be a journeyman in his craft who has served four (4) years as such.

Rule 3. Classification of employees in electrical equipment department covered by this agreement shall be as follows:

EQUIPMENT WORKING FOREMAN: Shall be a journeyman in his craft and shall not have to be accompanied by a journeyman working with him except in cases of emergency.

EQUIPMENT JOURNEYMAN: Shall be a journeyman in his craft.

APPRENTICE ELECTRICAL: In a journeyman in the trade may serve a four (4) year course of training. He shall be given training in all branches of the trade and shall work under the direct supervision of a journeyman or foreman.

TRUCK DRIVER: Shall be an experienced driver and shall handle heavy trucks equipped with power-driven winches. There shall be a truck driver on each truck and no other power-driven winch.

UTILITY HELPER: Shall be an employee, who is employed as a Helper, but capable of doing the work of a Helper performing rough concrete work, rough carpentry, and other repairs. Only one such Utility Helper can be employed in the Equipment Department. An employee in Utility shall be an employee must have served at least one (1) year in the "A" Helper.

SENIOR HELPER: Shall have served at least twelve (12) months as a Class "A" Helper.

CLASS "A" HELPER: Shall have served at least twelve (12) months as a Class "B" Helper.

CLASS "B" HELPER: Is an inexperienced man.

Rule 4. Apprentices shall be under the full supervision of the Apprenticeship Committee and shall be promoted or demoted under their guidance.

Rule 5. One apprentice may be employed in each division where an equipment journeyman is employed. Additional equipment apprentices may be employed so long as the ratio of apprentices does not exceed one to four equipment journeymen or major fraction thereof. A working foreman is considered as a journeyman for the purpose of this rule.

Rule 6. When two (2) equipment journeymen are given a common assignment which will require four hours or more to complete, one will be designated Equipment Working Foreman.

WAGE SCHEDULE FOR ELECTRICAL EQUIPMENT DEPARTMENT

Rule 7. All employees in the Electrical Equipment Department covered by this agreement shall be paid the following wages:

Classification	Effective March 1, 1959		Effective March 1, 1960	
	Mo. Wage	Hr. Wage	Mo. Wage	Hr. Wage
Equipment Working Foreman	\$558	\$3.219	\$580	\$3.347
Equipment Journeyman	508	2.931	528	3.046
Apprentice Equipment Man---				
1st Year	356	2.054	370	2.135
2nd Year	406	2.342	422	2.435
3rd Year	432	2.492	449	2.590
4th Year	457	2.637	475	2.740
Truck Driver	400	2.308	416	2.400
Utility Helper	369	2.129	384	2.215
Senior Helper, more than 24 mos.	355	2.048	369	2.129
Class "A" Helper,				
18 to 24 months.....	334	1.927	347	2.002
Class "A" Helper,				
12 to 18 months	313	1.806	326	1.881
Class "B" Helper,				
6 to 12 months	283	1.633	194	1.696
Class "B" Helper,				
0 to 6 months	258	1.488	268	1.546
(Adjustment of 1959 includes payment for lunches for all Classifications in the Equipment Department.)				

ARTICLE VIII

RULES FOR ELECTRIC METER DEPARTMENT

Rule 1. FOREMAN: Shall be a journeyman meterman with at least five (5) years' experience who is thoroughly qualified in all phases of meter work.

Rule 2. Classification of employees in the Electric Meter Department covered by this agreement is as follows:

WORKING FOREMAN: Shall be a journeyman meterman with at least five (5) years' experience and shall not have to exceed two (2) journeymen working with him except for periods of less than four (4) hours. (This rule does not apply to work in the Meter Shop.)

JOURNEYMAN METERMAN: Shall be a journeyman in his craft.

APPRENTICE METERMAN: Is a learner of the trade and may serve a four (4) year course of apprenticeship and shall be given training in all branches of the trade and shall work under direct supervision of a journeyman.

METER CUT-IN AND CUT-OUT MAN: Shall be a man capable of reading pole meters, reading meters, making cut-ins and cut-outs, cutting out meters at the pole, servicing customer installations, and other similar functions considered equivalent to those named. This man shall not use linemen's climbing tools.

FILE CLERK: A man capable of keeping meter department records.

HELPER: Is an inexperienced man.

Rule 3. Apprentices shall be under the full supervision of the Apprenticeship Committee and shall be promoted or demoted under their guidance.

Rule 4. A minimum of one apprentice may be employed in each division electric meter department. Additional apprentices may be employed in the electric meter department if the number so employed does not exceed one (1) apprentice to three (3) journeymen or fraction thereof in the division. Journeymen Metermen and Working Foremen shall be included as Journeymen for the purpose of this Rule.

ARTICLE VIII

CHAPTER I. GENERAL PROVISIONS

Rule 1. - The purpose of this chapter is to provide for the proper administration of the affairs of the Association and to ensure the highest efficiency in the conduct of its business.

Rule 2. - The Association shall be organized into a governing body consisting of a President, a Vice-President, and a Board of Directors.

Rule 3. - The Association shall have a Secretary and a Treasurer, who shall be elected by the governing body. The Secretary shall be responsible for the general management of the Association, and the Treasurer shall be responsible for the financial affairs.

Rule 4. - The Association shall have a Committee on Education, which shall be responsible for the development and improvement of the educational program. The Committee shall be composed of members of the Association who are qualified in the field of education.

Rule 5. - The Association shall have a Committee on Public Relations, which shall be responsible for the promotion of the Association's interests and for the maintenance of good relations with the public. The Committee shall be composed of members of the Association who are qualified in the field of public relations.

Rule 6. - The Association shall have a Committee on Finance, which shall be responsible for the management of the Association's funds and for the preparation of the annual budget. The Committee shall be composed of members of the Association who are qualified in the field of finance.

Rule 7. - The Association shall have a Committee on Legislation, which shall be responsible for the preparation and presentation of bills and resolutions to the governing body. The Committee shall be composed of members of the Association who are qualified in the field of legislation.

Rule 8. - The Association shall have a Committee on Membership, which shall be responsible for the recruitment and retention of members. The Committee shall be composed of members of the Association who are qualified in the field of membership.

Rule 9. - The Association shall have a Committee on Awards, which shall be responsible for the presentation of awards to members who have distinguished themselves in the field of education. The Committee shall be composed of members of the Association who are qualified in the field of awards.

Rule 5. When two (2) journeymen metermen are given a common assignment which will require four (4) hours or more to complete, one will be designated a Working Foreman.

WAGE SCHEDULE FOR ELECTRIC METER DEPARTMENT

Rule 6: All employees in the Electric Meter Department covered by this agreement shall be paid the following wages:

Classification	Effective March 1, 1959		Effective March 1, 1960	
	Mo. Wage	Hr. Wage	Mo. Wage	Hr. Wage
Working Foreman	\$546	\$3.150	\$568	\$3.277
Journeyman Meterman	497	2.867	517	2.983
Apprentice Meterman---				
1st Year	348	2.008	362	2.088
2nd Year	398	2.296	414	2.388
3rd Year	422	2.435	439	2.533
4th Year	447	2.579	465	2.683
Meter Cut-in and Cut-out Man ...	395	2.279	411	2.371
File Clerk	307	1.771	319	1.840
Helper	258	1.448	268	1.546

(Adjustment of 1959 includes payment for lunches for all Classifications in the Meter Department.)

ARTICLE IX

RULES FOR THE PRODUCTION DEPARTMENT

Rule 1. Transportation shall be furnished by the Company or mileage allowed to employees going from one power plant to another or to other points on Company business when approved by the Plant Superintendent.

Rule 2. Journeymen power plant operators shall not be required to operate boilers at the same time they are operating a turbine or switchboard, except in case of emergency and then only until a Fireman can be called. Firemen shall not be required to operate a turbine or switchboard at the same time they are operating boilers, except in case of emergency and then only until a power plant operator can be called. (The preceding is applicable to Prager Station and Santa Fe Station.) There shall be two men assigned to each control room at Person and Reeves Station as long as present operating conditions exist.

Rule 3. (a) Forty (40) hours any five (5) consecutive days in any calendar week is a regular working week in said

Rule 1. The following shall be considered as common essential elements of all pleadings to comply with this rule.

Rule 2. All pleadings shall be covered by this rule.

Classification

Working form of pleadings
Jurisdiction
Application for writs
Last Year
And Year
Only Year
The Year
Water Out-in and Out-in
File Clerk
Honor
Admission
Classification of the pleadings

Rule 3. The following shall be considered as common essential elements of all pleadings to comply with this rule.

Rule 4. The following shall be considered as common essential elements of all pleadings to comply with this rule.

Rule 5. The following shall be considered as common essential elements of all pleadings to comply with this rule.

Rule 6. The following shall be considered as common essential elements of all pleadings to comply with this rule.

power plants. Each employee shall have the same days of each week designated as his off days. Each employee assigned to equipment in regular operation shall also have regular hours assigned.

(b) When employees are on vacation, all other regular employees of said power plants, if capable and required, shall work any shift or any position that the power plant Superintendent may indicate to relieve shortage of labor caused by such vacation periods; provided, however, that vacancies caused by vacations shall, insofar as permitted by operating conditions, be filled by qualified employees in the same classification or the next lower classification in the same plant.

Rule 4. All operators, auxiliary operators, firemen, and others engaged in power plant operation shall regularly work eight (8) consecutive hours. Such employees, except in case of emergency, shall not be required to work over twelve (12) consecutive hours in any 24-hour period for more than two days.

Rule 5.

a. Mechanics, apprentice mechanics, mechanic helpers, maintenance men, maintenance helpers, and others when engaged in power plant maintenance work, shall receive either one-half ($\frac{1}{2}$) or one (1) hour for lunch without pay, which shall not be considered as part of their regular working hours.

b. Scheduled shift work may be established for periods of two (2) weeks or more. The hours of shift to be designated by the plant Supervisor. Hours of work and days of work shall be consecutive. The work day shall be eight (8) hours. The regular work week shall be forty (40) hours any consecutive five (5) days.

To establish scheduled shift work the rate of pay for the first two shifts shall be at the overtime rates as provided herein. After the first two shifts the rate of pay shall be at regular straight time pay for the first eight (8) hours per shift. Any time worked on this scheduled shift in excess of the first eight (8) hours shall be paid at the applicable overtime rate.

Rule 6.

a. Electricians, apprentice electricians, electricians helpers, and others when engaged in power plant maintenance

power plant, both day and night, in the same way as
week designated as day, and night, and
equivalent in regular working hours, and
assigned.

(3) When employees are designated to work in a
plant, they shall be assigned to work in that
plant, and shall not be assigned to work in
any other plant, except in cases of emergency,
and in such cases, the assignment shall be
made by the plant manager, and shall be
in the plant, and shall be in the plant,
in the plant.

Rule 4. All employees, including those
and others engaged in the same work, shall
work in the same plant, and shall not be
assigned to work in any other plant, except
in cases of emergency, and in such cases,
(12) consecutive hours in the same plant,
two days.

Rule 5. (a) Mechanical, electrical, and
maintenance work, including the operation
of the plant, shall be assigned to the
same plant, and shall not be assigned to
any other plant, except in cases of emergency,
and in such cases, the assignment shall be
made by the plant manager, and shall be
in the plant, and shall be in the plant,
not be considered as work in the plant.

(b) Scheduled and unscheduled work, including
of two (2) weeks or more, shall be assigned
by the plant manager, and shall be assigned
to the same plant, and shall not be assigned
to any other plant, except in cases of emergency,
and in such cases, the assignment shall be
made by the plant manager, and shall be
in the plant, and shall be in the plant,
five (5) days.

To establish scheduled work, the plant manager
shall be assigned to the same plant, and shall
be assigned to the same plant, and shall not
be assigned to any other plant, except in cases
of emergency, and in such cases, the assignment
shall be made by the plant manager, and shall
be in the plant, and shall be in the plant,
of the applicable, and shall be in the plant.

Rule 6. (a) Location, including the location
of the plant, and the location of the plant,
and the location of the plant, and the location
of the plant, and the location of the plant,
and the location of the plant, and the location
of the plant, and the location of the plant,
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of the plant, and the location of the plant,

work, shall receive either one-half ($\frac{1}{2}$) or one (1) hour for lunch without pay, which shall not be considered as part of their regular working hours.

b. Scheduled shift work may be established for periods of two (2) weeks or more. The hours of shift to be designated by the plant Supervisor. Hours of work and days of work shall be consecutive. The work day shall be eight (8) hours. The regular work week shall be forty (40) hours any consecutive five (5) days.

To establish scheduled shift work the rate of pay for the first two shifts shall be at the overtime rates as provided herein. After the first two shifts the rate of pay shall be at regular straight time pay for the first eight (8) hours per shift. Any time worked on this scheduled shift in excess of the first eight (8) hours shall be paid at the applicable overtime rate.

Rule 7. Employees in standby plants or assigned to standby units in plants may be utilized to perform maintenance or other work for relief in other plants or of those operating equipment in regular use in the same plant. When employees are transferred from a stand-by plant or unit to another plant or unit, they may be utilized in any capacity for which they are qualified. If temporarily utilized in a lower classification, pay shall be at their regular rate in their regularly assigned classification.

Rule 8. Employees with the necessary qualifications may be assigned to shifts involving work in different classifications, in which case the rate of pay shall be that of the grades to which the employee is assigned. Employees of different classifications may be retained for emergencies and utilized as set out above.

Rule 9. Apprentices shall be under the full supervision of the Apprenticeship Committee and shall be promoted or demoted under their guidance.

Rule 10. There shall be one (1) apprentice mechanic allowed to each plant shop at all times. Additional apprentices may be employed if the total number of apprentices does not exceed one (1) apprentice for every four (4) journeymen or fraction thereof.

Rule 11. Once an employee is assigned to a specific job and shift, such employee shall hold such assigned job and shift until removed for cause, because of lack of work, or demotion, and shall not be subject to loss of such assigned

work shall receive the same pay as if they were on regular duty. Lunch will be provided for them at the same time as for the regular force.

5. The regular force shall be divided into two (2) working parties. The first party shall be on duty from 0600 to 1800 hours, and the second party shall be on duty from 1800 to 0600 hours. The regular force shall be divided into two (2) working parties.

6. The regular force shall be divided into two (2) working parties. The first party shall be on duty from 0600 to 1800 hours, and the second party shall be on duty from 1800 to 0600 hours. The regular force shall be divided into two (2) working parties.

7. The regular force shall be divided into two (2) working parties. The first party shall be on duty from 0600 to 1800 hours, and the second party shall be on duty from 1800 to 0600 hours. The regular force shall be divided into two (2) working parties.

8. The regular force shall be divided into two (2) working parties. The first party shall be on duty from 0600 to 1800 hours, and the second party shall be on duty from 1800 to 0600 hours. The regular force shall be divided into two (2) working parties.

9. The regular force shall be divided into two (2) working parties. The first party shall be on duty from 0600 to 1800 hours, and the second party shall be on duty from 1800 to 0600 hours. The regular force shall be divided into two (2) working parties.

10. The regular force shall be divided into two (2) working parties. The first party shall be on duty from 0600 to 1800 hours, and the second party shall be on duty from 1800 to 0600 hours. The regular force shall be divided into two (2) working parties.

11. The regular force shall be divided into two (2) working parties. The first party shall be on duty from 0600 to 1800 hours, and the second party shall be on duty from 1800 to 0600 hours. The regular force shall be divided into two (2) working parties.

job and shift by exercise of seniority by other employees.

Rule 12. When two (2) journeymen mechanics are given a common assignment which will require four (4) hours or more to complete, one will be designated a Mechanic Working Foreman.

Rule 13. When two (2) journeymen electricians are given a common assignment which will require four (4) hours or more to complete one will be designated a Working Foreman.

Rule 14. One apprentice electrician may be employed in the Production Department. Additional electrician apprentices may be employed so long as the ratio of apprentices does not exceed one to four electrician journeymen or major fraction thereof. A Working Foreman is considered as a Journeyman for the purpose of this rule.

Rule 15. SYSTEM OPERATOR: Shall be a qualified plant operator capable of exercising judgment in emergencies.

Rule 16. MECHANIC FOREMAN: Shall be a journeyman in his craft who has served four years as such.

Rule 17. ELECTRICIAN FOREMAN: Shall be a journeyman in his craft who has served four years as such.

Rule 18. Classification of employees in the Production Department covered by this agreement is as follows:

JOURNEYMAN OPERATOR, SENIOR: Shall be a qualified Journeyman Power Plant Operator, the same as Journeyman Operator. In addition to performing the duties of Journeyman Operator, he shall direct the work of other Journeyman Operators in the same station on the same shift.

JOURNEYMAN OPERATOR: Shall be a journeyman in his craft.

OPERATOR, FIREMAN, MAINTENANCE MAN AND AUXILIARY OPERATOR: Is a qualified journeyman operator awaiting full-time vacancy as operator and serving in the foregoing capacities but not more than two shifts as an operator in any one week unless additional compensation for any operator shifts in excess of two is provided.

PERMANENT FIREMAN: Is a man who has completed years of service as a fireman and fireman's helper as an employee of the company. This is a closed classification to new employees and applies only to Prager Station, Santa Fe Station and one-half of each shift at Person Station.

job on shift by exercise of seniority with other employees.

Rule 12. When two (2) journeymen, electrician and operator, are assigned to a common assignment which will require the services of both, one will be designated to complete, one will be designated to assist in the completion.

Rule 13. When two (2) journeymen, electrician and operator, are assigned to a common assignment which will require the services of both, one will be designated to complete, one will be designated to assist in the completion.

Rule 14. One apprentice electrician or operator may be employed in the Production Department, additional electrician apprentices may be employed so long as the ratio of apprentices to journeymen is maintained. A working foreman is considered a journeyman for the purpose of this rule.

Rule 15. SYSTEM OPERATOR: Shall be a qualified plant operator capable of exercising judgment in emergencies.

Rule 16. MECHANIC FOREMAN: Shall be a journeyman in his craft who has served four years as such.

Rule 17. ELECTRICIAN FOREMAN: Shall be a journeyman in his craft who has served four years as such.

Rule 18. Classification of employees in the Production Department covered by this agreement is as follows:

JOURNEYMAN OPERATOR, SENIOR: Shall be a qualified Journeyman Power Plant Operator, the Senior Journeyman Operator. In addition to performing the duties of Journeyman Operator, he shall direct the work of other Journeyman Operators in the same station on the same shift.

JOURNEYMAN OPERATOR: Shall be a Journeyman in his craft.

OPERATOR, FIREMAN, MAINTENANCE MAN AND ASSISTANT: Shall be a qualified Journeyman operator and shall be assigned as operator and serving in the foregoing capacities. No more than two shifts as an operator in any one shift. Additional compensation for any operator shall be provided as follows.

PERMANENT FIREMAN: Is a man who has completed years of service as a fireman and fireman's helper and is assigned to the company. This is a closed classification and applies only to Power Station, and not to other stations and half of each shift at Power Station.

APPRENTICE, 4th YEAR: Is an apprentice in his 4th year of training for the position of operator or who has completed his apprenticeship training and is waiting for vacancy as a journeyman operator.

SENIOR AUXILIARY OPERATOR: Is an apprentice in his 3rd year of training or who has completed his 3rd year of training and is awaiting a vacancy as a fourth year apprentice.

AUXILIARY OPERATOR: Is an apprentice in his 2nd year of training.

PLANT CLASS A HELPER: Shall have served six (6) months as a Class B Helper.

PLANT CLASS B HELPER: An unskilled man.

MECHANIC WORKING FOREMAN: Shall be a journeyman in his craft, who has served four (4) years as such.

MECHANIC (Includes Specialized): Shall be a journeyman in his craft.

APPRENTICE MECHANIC (Includes Specialized): Is a learner of the trade and may serve a four (4) year course of apprenticeship and may be given training in all branches of the trade and shall work under direct supervision of a journeyman.

CLASS "A" MECHANIC OR MAINTENANCE HELPER: Shall have served six (6) months as a Class "B" Helper.

CLASS "B" MECHANIC OR MAINTENANCE HELPER: Is an inexperienced man.

MAINTENANCE WORKING FOREMAN: Shall be a journeyman who is skilled in power plant maintenance, preferably who has served four (4) years as a maintenance man.

MAINTENANCE MAN: Shall be a man skilled in power plant maintenance.

ELECTRICIAN WORKING FOREMAN: Shall be a journeyman who has served four (4) years as such.

ELECTRICIAN: Shall be a journeyman in his craft.

APPROXIMATELY 400 YOUNG MEN ARE TRAINED IN THE
of training for the aviation industry and the
is approximately 1000 men and women in the
journeyman operator.

SENIOR AUXILIARY OPERATOR: An operator who has
year of training on the job and is waiting a vacancy
and is waiting a vacancy in the industry.

AUXILIARY OPERATOR: An operator who has
training.

PLANT CLASS A MEMBER: A member who has
as a Class B member.

PLANT CLASS B MEMBER: A member who has
in an industrial plant.

MECHANIC WORKING IN THE FIELD: A journeyman in the
craft, who has served his apprenticeship in the
field.

MECHANIC (INDUSTRIAL): A journeyman in the
in his craft.

APPROXIMATE 1000 MEN ARE TRAINED IN THE
journeyman of the trade and waiting a vacancy
of approximately 1000 men and women in the
of the trade and waiting a vacancy in the
journeyman.

CLASS "A" MECHANIC: A member who has
served six (6) months as a Class B member.

CLASS "B" MECHANIC: A member who has
inexperienced men.

MAINTENANCE WORKING IN THE FIELD: A journeyman in the
is skilled in power plant maintenance and is
served four (4) years as a journeyman.

MAINTENANCE CLASS: A member who has
maintenance.

ELECTRICIAN WORKING IN THE FIELD: A journeyman in the
has served four (4) years as such.

ELECTRICIAN: A member who has served four (4) years as such.

APPRENTICE ELECTRICIAN: Is a learner of the trade and may serve a four (4) year course of apprenticeship and may be given training in all branches of the trade and shall work under the direct supervision of a Journeyman.

CLASS "A" ELECTRICIAN HELPER: Shall have served six (6) months as a Class "B" Helper.

CLASS "B" ELECTRICIAN HELPER: Is an inexperienced man.

LABORER: Is a laborer

WAGE SCHEDULE FOR PRODUCTION DEPARTMENT

Rule 19. All employees in the power plants covered by this agreement shall be paid the following wages:

Classification	Effective March 1, 1959		Effective March 1, 1960	
	Mo. Wage	Hr. Wage	Mo. Wage	Hr. Wage
Journeyman Operator, Senior ...	\$535	\$3.087	\$556	\$3.208
Journeyman Operator	486	2.804	505	2.913
Operator, Fireman, Maintenance Man & Auxiliary Operator	447	2.579	465	2.683
Permanent Fireman	437	2.521	455	2.625
Apprentice, 4th Year	437	2.521	455	2.625
Senior Auxiliary Operator	413	2.383	429	2.475
Auxiliary Operator	389	2.244	404	2.331
Junior Auxiliary Operator	340	1.962	354	2.042
Plant Class "A" Helper	334	1.927	347	2.002
Plant Class "B" Helper	259	1.494	269	1.552
Mechanic Working Foreman (a) ..	535	3.087	556	3.208
Mechanic	486	2.804	505	2.913
Apprentice Mechanic--				
1st Year (a)	340	1.962	354	2.042
2nd Year (a)	389	2.244	404	2.331
3rd Year (a)	413	2.383	429	2.475
4th Year (a)	437	2.521	455	2.625
Mechanic or Maintenance Helper				
Class "A"	334	1.927	347	2.002
Class "B"	259	1.494	269	1.552
Maintenance Working Foreman (b)	486	2.804	505	2.913
Maintenance Man (b)	457	2.637	475	2.740
Electrician Working Foreman ...	535	3.087	556	3.208
Electrician	486	2.804	505	2.913

WAGE SCHEDULE

APPRENTICE: This schedule is for the purpose of determining the wages of apprentices who may receive a four (4) year training program in all trades. The apprentice will be given training in all trades and will work under the direct supervision of a journeyman.

CLASS "A" ELECTRICIAN: This class is for those who have completed 12 months of a Class "B" program.

CLASS "B" ELECTRICIAN: This class is for those who have completed 24 months of a Class "A" program.

LABORER: Is a laborer.

WAGE SCHEDULE FOR LOCAL 1000

Rule 10: All employees in the local union who are employed under this agreement shall be paid the following wages:

Classification	Hourly Rate	Monthly Rate
Journeyman Operator, Senior	1.25	30.00
Journeyman Operator	1.20	28.80
Operator, Fireman, Mechanic	1.15	27.60
Man & Auxiliary Operator	1.10	26.40
Permanent Fireman	1.05	25.20
Apprentice, 4th Year	1.00	24.00
Senior Auxiliary Operator	0.95	22.80
Auxiliary Operator	0.90	21.60
Junior Auxiliary Operator	0.85	20.40
Plant Class "A" Helper	0.80	19.20
Plant Class "B" Helper	0.75	18.00
Mechanic Working Fireman	0.70	16.80
Mechanic	0.65	15.60
Apprentice Mechanic	0.60	14.40
1st Year	0.55	13.20
2nd Year	0.50	12.00
3rd Year	0.45	10.80
4th Year	0.40	9.60
Mechanic or Maintenance	0.35	8.40
Class "A"	0.30	7.20
Class "B"	0.25	6.00
Maintenance Worker	0.20	4.80
Maintenance Man (A)	0.15	3.60
Electrician Working Fireman	0.10	2.40
Electrician	0.05	1.20

Apprentice Electrician--			
1st Year	340	1.962	354 2.042
2nd Year	389	2.244	404 2.331
3rd Year	413	2.383	429 2.475
4th Year	437	2.521	455 2.625
Electrician Class "A" Helper ..	334	1.927	347 2.002
Electrician Class "B" Helper ..	259	1.494	269 1.552
Laborer		1.586	1.649

(a) Applicable in the Albuquerque Division

(b) Applicable in the Santa Fe Division.

ARTICLE X

RULES FOR THE WATER DEPARTMENT

Rule 1. FOREMAN: Santa Fe and Las Vegas: Shall be a Journeyman Pipe Fitter who has served four (4) years as such.

Rule 2. Classification of employees in the Water Department covered by this agreement is as follows:

WORKING FOREMAN: Shall be a Journeyman Pipe Fitter who has served four (4) years as such.

JOURNEYMAN PIPE FITTER: Shall be a Journeyman in his craft.

APPRENTICE PIPE FITTER: Is a learner of the trade, and may serve a four (4) year course of apprenticeship and may be given training in all branches of the trade and shall work under the direct supervision of a Journeyman Pipe Fitter.

TRUCK DRIVER: Shall be an experienced driver, capable of handling heavy trucks equipped with power-driven winches. There shall be a truck driver on each truck equipped with a power-driven winch when the winch is regularly required in completing the work, except as otherwise agreed.

PIPE FITTER HELPER: An experienced man capable of assisting a Journeyman Pipe Fitter.

CANYON FOREMAN--LAS VEGAS: A man experienced in maintenance of flumes, dams, pumps, and pipe lines.

CANYON FOREMAN RELIEF--LAS VEGAS: A helper experienced in maintenance of flumes, dams, pumps, and pipe lines who assumes the routine responsibilities of the Canyon Foreman in his absence.

Apprentice Electrician	1st Year	1950
	2nd Year	1951
	3rd Year	1952
	4th Year	1953
Electrician Class	1st Year	1954
Electrician Class	2nd Year	1955
Electrician Class	3rd Year	1956
Electrician Class	4th Year	1957

- (c) Applicants in the intermediate division
- (d) Applicants in the advanced division

Rule 1.1. Journeyman Electrician shall be a person who has completed the apprenticeship and has been employed for a period of not less than one year as a journeyman electrician.

Rule 2.1. Classification of electricians shall be as follows:

Working Electrician: Shall be a journeyman electrician who has served four (4) years as a journeyman electrician.

Journeyman Electrician: Shall be a journeyman electrician who has served four (4) years as a journeyman electrician.

Apprentice Electrician: Shall be a person who is under the direct supervision of a journeyman electrician and is given training in all branches of the electrical trade.

Truck Driver: Shall be a person who is licensed to drive a motor vehicle and is given training in all branches of the trucking trade.

Fire Fighter: Shall be a person who is licensed to drive a motor vehicle and is given training in all branches of the fire fighting trade.

Canyon Foreman: Shall be a person who is licensed to drive a motor vehicle and is given training in all branches of the canyon foreman trade.

Canyon Foreman: Shall be a person who is licensed to drive a motor vehicle and is given training in all branches of the canyon foreman trade.

Canyon Foreman: Shall be a person who is licensed to drive a motor vehicle and is given training in all branches of the canyon foreman trade.

CANYON FOREMAN--SANTA FE: A man experienced in maintenance of dams, pumps, and pipe lines.

CANYON FOREMAN RELIEF--SANTA FE: A man experienced in maintenance of dams, pumps, and pipe lines who assumes the routine responsibilities of the Canyon Foreman in his absence.

CANYON FOREMAN HELPER: A Helper capable of performing the requirements of his Classification.

CLASS "A" LABORER: A man who has satisfactorily served six (6) months as a Class "B" Laborer.

CLASS "B" LABORER: An unskilled man.

Rule 3. Apprentices shall be under the full supervision of the Apprenticeship Committee and shall be promoted or demoted under their guidance.

Rule 4. A minimum of one apprentice may be employed in each division water department. Additional apprentices may be employed in the water department if the number so employed does not exceed one (1) apprentice to two (2) journeymen or fraction thereof in the division. Working foremen shall be considered as journeymen for the purpose of this rule.

Rule 5. Workers within the Water Department shall have duties assigned to them by the Foreman or the Working Foreman, but in no way shall the worker be restricted as to his activity as a worker by reason of his classification. Normal work for both journeymen and apprentices may include such duties as truck-driving, winch-handling, dirt handling, or all other duties which may be incidental to the construction, maintenance and operation of any and all Water Department facilities.

Rule 6. When crews include two or more pipefitters, one shall be designated as a working foreman and shall be paid the applicable working foreman's rate.

Rule 7. Double time will be paid to employees for work under the following conditions:

- a) In the Santa Fe Division, for work inside the vertical shaft of the towers in McClure and Nichols Reservoir.
- b) In the Las Vegas Division, for work in the vertical well of Peterson Reservoir.

CANYON FOREMAN: 2017-2018: 2019-2020: 2021-2022: 2023-2024: 2025-2026: 2027-2028: 2029-2030: 2031-2032: 2033-2034: 2035-2036: 2037-2038: 2039-2040: 2041-2042: 2043-2044: 2045-2046: 2047-2048: 2049-2050: 2051-2052: 2053-2054: 2055-2056: 2057-2058: 2059-2060: 2061-2062: 2063-2064: 2065-2066: 2067-2068: 2069-2070: 2071-2072: 2073-2074: 2075-2076: 2077-2078: 2079-2080: 2081-2082: 2083-2084: 2085-2086: 2087-2088: 2089-2090: 2091-2092: 2093-2094: 2095-2096: 2097-2098: 2099-2100: 2101-2102: 2103-2104: 2105-2106: 2107-2108: 2109-2110: 2111-2112: 2113-2114: 2115-2116: 2117-2118: 2119-2120: 2121-2122: 2123-2124: 2125-2126: 2127-2128: 2129-2130: 2131-2132: 2133-2134: 2135-2136: 2137-2138: 2139-2140: 2141-2142: 2143-2144: 2145-2146: 2147-2148: 2149-2150: 2151-2152: 2153-2154: 2155-2156: 2157-2158: 2159-2160: 2161-2162: 2163-2164: 2165-2166: 2167-2168: 2169-2170: 2171-2172: 2173-2174: 2175-2176: 2177-2178: 2179-2180: 2181-2182: 2183-2184: 2185-2186: 2187-2188: 2189-2190: 2191-2192: 2193-2194: 2195-2196: 2197-2198: 2199-2200: 2201-2202: 2203-2204: 2205-2206: 2207-2208: 2209-2210: 2211-2212: 2213-2214: 2215-2216: 2217-2218: 2219-2220: 2221-2222: 2223-2224: 2225-2226: 2227-2228: 2229-2230: 2231-2232: 2233-2234: 2235-2236: 2237-2238: 2239-2240: 2241-2242: 2243-2244: 2245-2246: 2247-2248: 2249-2250: 2251-2252: 2253-2254: 2255-2256: 2257-2258: 2259-2260: 2261-2262: 2263-2264: 2265-2266: 2267-2268: 2269-2270: 2271-2272: 2273-2274: 2275-2276: 2277-2278: 2279-2280: 2281-2282: 2283-2284: 2285-2286: 2287-2288: 2289-2290: 2291-2292: 2293-2294: 2295-2296: 2297-2298: 2299-2300: 2301-2302: 2303-2304: 2305-2306: 2307-2308: 2309-2310: 2311-2312: 2313-2314: 2315-2316: 2317-2318: 2319-2320: 2321-2322: 2323-2324: 2325-2326: 2327-2328: 2329-2330: 2331-2332: 2333-2334: 2335-2336: 2337-2338: 2339-2340: 2341-2342: 2343-2344: 2345-2346: 2347-2348: 2349-2350: 2351-2352: 2353-2354: 2355-2356: 2357-2358: 2359-2360: 2361-2362: 2363-2364: 2365-2366: 2367-2368: 2369-2370: 2371-2372: 2373-2374: 2375-2376: 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Rule 8. When customers refuse to pay their water bills, the Company's collector shall have the right to turn off the water meters if this can be done by the use of a wrench.

WAGE SCHEDULES FOR THE WATER DEPARTMENT

Rule 9. All employees in the Water Department covered by this agreement shall be paid the following wages.

Classification	Effective March 1, 1959		Effective March 1, 1960	
	Mo. Wage	Hr. Wage	Mo. Wage	Hr. Wage
Foreman--Las Vegas (Works).....	\$519	\$2.994	\$540	\$3.115
Working Foreman	497	2.867	517	2.983
Pipe Fitter	453	2.613	471	2.717
Apprentice Pipefitter--				
1st Year	317	1.829	330	1.904
2nd Year	362	2.088	377	2.175
3rd Year	385	2.221	400	2.308
4th Year	408	2.354	424	2.446
Truck Driver	348	2.008	362	2.088
Pipe Fitter Helper	336	1.938	349	2.013
Canyon Foreman:				
Las Vegas	497	2.867	517	2.983
Relief--Las Vegas	398	2.296	414	2.388
Canyon Foreman:				
Santa Fe	482	2.781	501	2.890
Relief--Santa Fe	386	2.227	401	2.313
Helper	338	1.950	352	2.031
Class "A" Laborer	295	1.702	307	1.771
Class "B" Laborer		1.586		1.649
(Adjustment of 1959 includes payment for lunches for all Classifications in the Water Department.)				

IN WITNESS WHEREOF the parties hereto have executed this agreement by their officers thereunto duly authorized, all as of the day and year first above written.

PUBLIC SERVICE COMPANY OF NEW MEXICO

By G. A. SCHREIBER
Executive Vice President

ATTEST: R. T. MacBAIN
Secretary

(SEAL)

LOCAL UNION NO. 611 OF THE INTERNATIONAL
BROTHERHOOD OF ELECTRICAL WORKERS

By HAROLD L. GOLLEHER
Business Manager

Rule 8. When a driver is found to be in violation of the Company's rules, the driver shall be subject to the following penalties:

Rule 9. All drivers shall be subject to the following penalties by this agreement:

Classification

Foreman—See Note 1	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
Working Foreman	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
Pipe Fitter	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
Apprentice	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
1st Year	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
2nd Year	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
3rd Year	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
4th Year	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
Truck Driver	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
Pipe Fitter	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
Canyon Foreman	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
Loc. Foreman	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
Relief—See Note 2	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
Canyon Foreman	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
Relief—See Note 2	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
Class 1	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
Class 2	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
(Adjustment of 1957)	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification
Classification	1st Year	2nd Year	3rd Year	4th Year	Truck Driver	Pipe Fitter	Canyon Foreman	Loc. Foreman	Relief—See Note 2	Canyon Foreman	Relief—See Note 2	Class 1	Class 2	(Adjustment of 1957)	Classification

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals at the City and State of California, this 1st day of January, 1957.

ATTEST: W. J. Smith, Secretary

(SEAL)

PUBLIC SERVICE COMPANY OF NEW MEXICO

EMPLOYEE SERVICE RATING FORM

NAME _____ PERIOD FROM _____ TO _____

POSITION _____ SECTION OR OFFICE _____

INSTRUCTIONS: SEE OTHER
E—ALSO CONSULT INSTRU-
CTIONS.

	WEAK	BELOW AVERAGE	AVERAGE	ABOVE AVERAGE	OUTSTANDING
Job Knowledge	Lacking	Meagre	Moderate	Well Informed	Comprehensive
Co-operation	Contrary	Works Poorly with Others	A Good Team Member	Glad to Help Others	Eager to Help Others
Attention to Duty	Never Attentive	Seldom Attentive	Usually Attentive	Seriously Tends to Duties	Always Attentive
Quality of Work	Must Always Be Checked	Often Inaccurate	Average According to Standard	Seldom Makes Errors	Exemplary
Quantity of Work	Very Slow	Slow	Average According to Standard	High Output	Unusually High Output
Intelligence (Adaptability)	Learns with Great Difficulty	Slow to Learn	Usually Grasps New Ideas	Learns Readily	Anticipates Needs Adjusts Easily
Appearance	Slovenly	Careless in Appearance	Usually Neat and Orderly	Very Careful in Appearance	Exceptionally Neat
Tact (Diplomacy)	Antagonizes Others	Often Offends	Usually Tactful	Considerate— Rarely Offends	Never Offends Always Tactful
Judgment— Common Sense	Many Errors in Judgment	Decisions Not Well Founded	Judgment Usually Sound	Uses Good Judgment	Exceptional in Judgment
Initiative	Needs Detailed Instruction	Rarely Begins by Self	Little Supervision Required	Resourceful	Very Original and Progressive
Stability	Constantly Nervous and Excitable	Easily Excitable	Usually Calm	Much Self-Control	Self-Command at All Times
Dependability	Can Seldom Depend Upon	Often Fails to Finish Task	Usually Dependable	Can Safely be Relied Upon	Can Be Counted on at All Times
Job Interest (Attitude Toward Work)	Disinterested	Very Little Interest	Often Shows Interest	Enjoys Duties	Zealous Worker
Promotional Possibilities	Not Promotional Material	Unlikely Candidate for Promotion	Possible Candidate for Promotion	Good Promotional Material	Exceptionally Well Qualified
Leadership (Consider only in supervisory position)	Antagonizes Subordinates	Fails to Arouse Confidence	Adequate Leader	Capable Leader	Forceful Leader— Wins Confidence

For Use of Appointing Authority Only

Summary Rating	Weak	Below Average	Average	Above Average	Outstanding
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Explanation of Rating	0 Points	1 Point	2 Points	3 Points	4 Points

Rated by _____ Date _____

Reviewed by _____ Date _____

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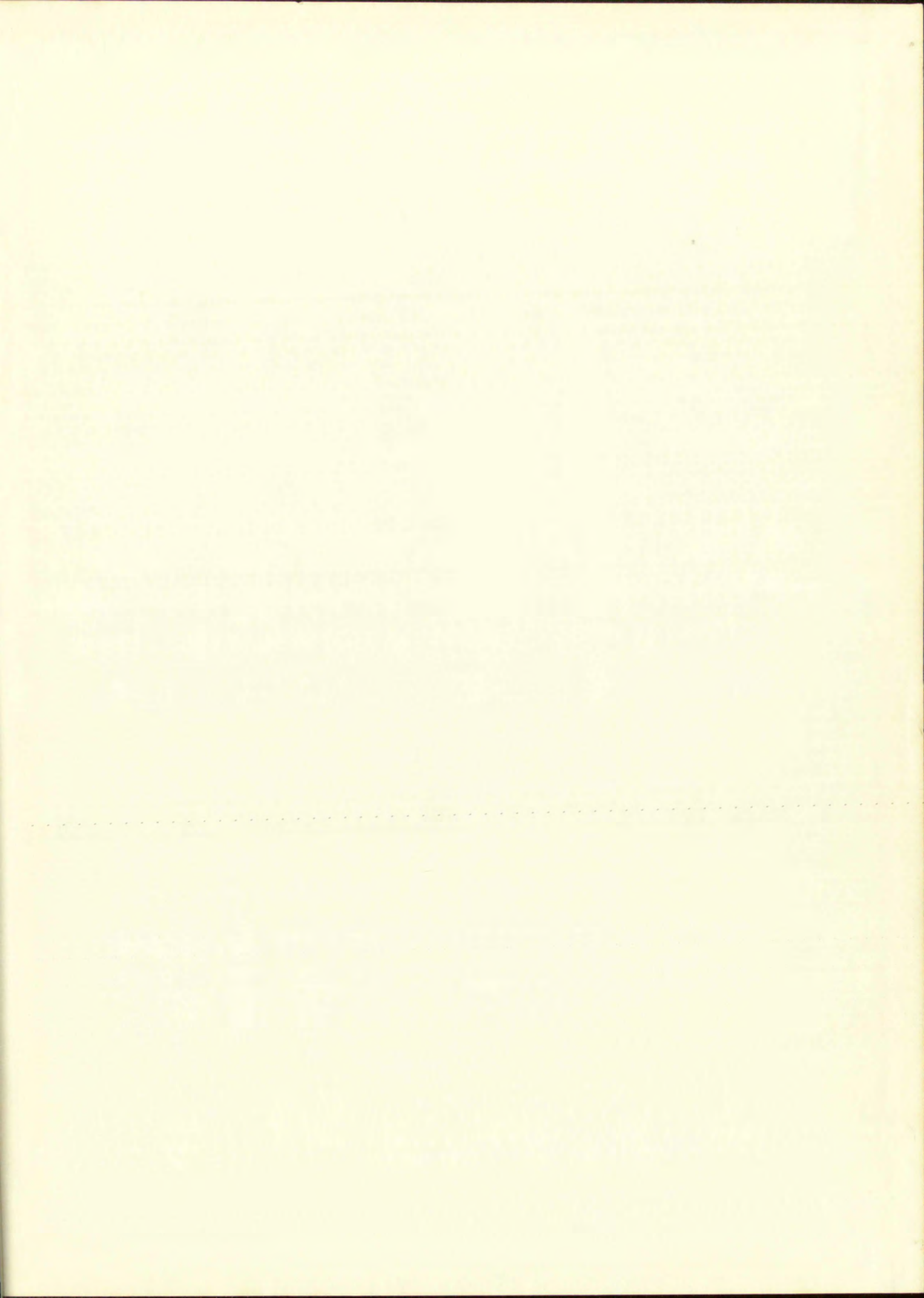
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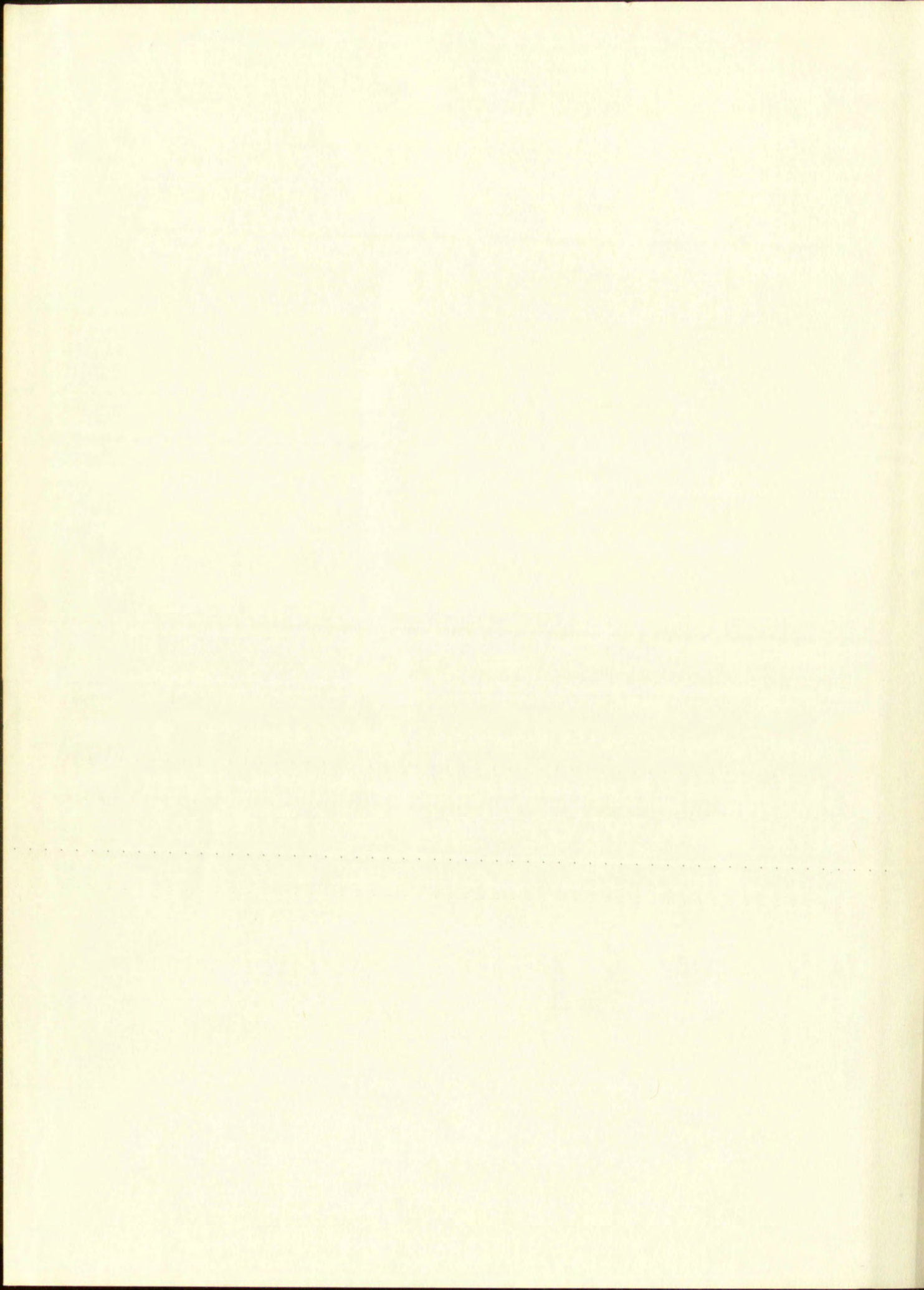
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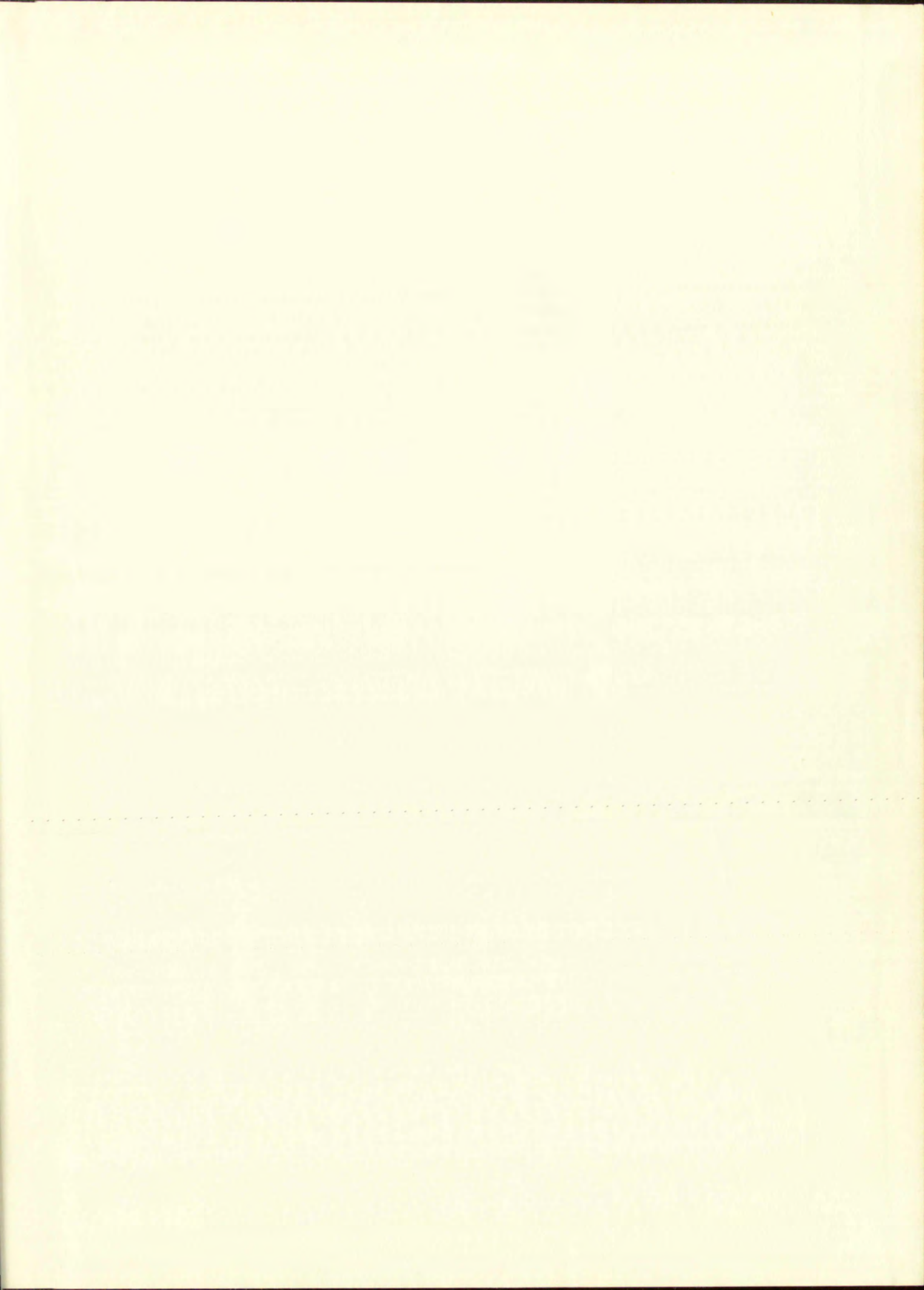
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