

6. A New Decade, a New Division

The 1950s held an elusive goal for the citizens of Hutchinson. For most of these 10 years, the Commissioners and Plant's employees labored to attain a new commodity that was identified by its blue flame. Natural gas came to the forefront of the national energy market upon receiving acclaim as a reliable and cheap resource that could heat homes and run generating units at power plants. While energy pundits hailed its use and management at the Light and Power Plant were eager to acquire gas mains, they had to face many foes along their pursuit.

Financial Feats

After 13 years, the last pledge orders from financing the Plant were paid in the spring of 1950. Financially speaking, it was becoming an advantageous operation for the community; contributions to the city amounted to \$150,000. The Plant was valued at more than \$1,100,000 and became debt-free for the first time. All of the bonds, including the original \$250,000 pledge bond that allowed for the creation of the Municipal Plant, had been paid entirely out of its earnings. This financial achievement was accomplished without the citizens of Hutchinson because no local taxes were ever waged for the building's formation.

Rural Generation



Willie Wirehand, with his light-socket head, push-button nose, and electrical plug, was the icon of the rural electric cooperative industry. He symbolized dependable, local, and consumer-owned electricity.

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Mirroring the surge in sales of Hutchinson, REA reached a peak in business during 1950, when they totaled more than \$155,000. After that, their perpetually growing needs were transferred to other sources of power outside of Hutchinson. Two years later, on March 17, 1952, the McLeod Cooperative Power Association (MCPA) requested for a release of a certain area in which MCPA had distributed electric energy generated by Hutchinson's Municipal Power Plant. This request came at a convenient time because the total maximum energy requirements at the Power Plant reached a point where there was a "dangerously small excess of generating capacity that remains over load requirements."^{xxxvi} Kilowatts generated during this year exceeded the 20 million mark, with the city's residents consuming about 20 percent more than REA's customers. The Commission passed a resolution that obliged MCPA's wishes.

A New Name & a New Division

The most profound incident to occur during this decade in the Plant's history was when two special elections were held on December 9, and December 17, of 1954, respectfully. Three different propositions were presented to the citizens to vote on. First, there was a notion to change the name of the Light & Power Commission to the Hutchinson Utilities Commission (HUC). It passed by a wide margin: 866 to 94. Personnel remained the same as it had been since the inception of the plant: Dr. R.I. Sheppard, President; Dr. A.J. Thompson, Vice President; and R.W. Dahl, Secretary. The desired name change of the Commission reflected the

yearning of its Commissioners to launch a new direction of serving Hutchinson's customers. Secondly and more significantly, the City Council made a bid to have a municipal natural gas plant. Consumerism was increasingly on the rise in America; the desire to have the conveniences of a modern stove and furnace ignited a desire for a more affordable and reliable way to get gas. Natural gas was rapidly becoming the most widely used and convenient fuel available in the United States; since 1938, natural gas had become progressively more plentiful each year with output rising 200 percent over a 16 year period. It gained popularity as an attractive commodity because the price for gas made it a more affordable fuel source than coal or fuel oil because it could save rate payers 25 percent on their bills. At the current moment, Hutchinson had only one privately-owned gas company, Hutchinson Gas Company, which had a limited service area. The final voting proposition was in regards to what body should establish, construct, and operate the proposed municipal gas division; that body was the Utilities Commission. Due to its impeccable record of running the Light Plant for the past 18 years and the fact that the municipality was the "envy of every utility commission in the entire Midwest," the Commission was the only appropriate option for the city leaders to choose from.^{xxxvii}

While the notion of having natural gas was an attractive idea, unease began to prevail in the community, prior to ballot votes being casted, of the financial woes that the community might inherit if the Utilities actually went through with constructing a distribution system for natural gas. Misconceptions about the safety of natural gas were also circulated around the town. Worries were assuaged and rumors dispelled after the Mayor, Harold R. Popp, addressed many of the residents' concerns in an article published a week prior to the special election. The original estimations of the gas distribution system construction were approximately \$400,000. Although it had an expensive price tag, the Mayor assured the general public that the Utilities could realize savings in owning the gas distribution system with an estimate of \$50,000 to \$75,000 in profits per year after the bonds were paid in full (which was supposed to take less than 10 years). The Electric Plant was also in a position to receive benefits from natural gas because they were able to use it to fuel their engines, so no revenue would be lost.^{xxxviii} Once again, the City would issue revenue bonds, meaning that the citizens would not be taxed for the expenditure. The City Manager of New Ulm, Philip L. White, echoed Mayor Popp's sentiments as a supporter of Hutchinson acquiring its own distribution system, just like New Ulm. In a letter that was published in the Leader to arouse support for a municipal gas system, White reasoned,

There are many other advantages including the fact that the rates are set by a local body who are under the control of the voters of the municipality. No outside interests have any control over the operation of the gas department. There appears to be every advantage for the city and its taxpayers in municipal ownership.^{xxxix}

The latter propositions of the fateful December vote were to determine whether the community should construct or purchase a municipal gas plant and distribution system to be paid out of plant earnings. Vesting authority in the newly named Hutchinson Utilities Commission to operate a gas distribution system, the measure passed with an overwhelming majority, 857 in favor of the measure to 101 that were against it.^{xl} The Utilities Commission prepared to embark on a new path. Now, the

Commission was entrusted to not only oversee the Light and Power plant, but the construction and running of a municipal gas plant as well.

Unbeknownst to the Commissioners at that time, the quest to establish a natural gas distribution system was going to be a long and arduous struggle. Procuring a gas allocation from the Federal Power Commission (FPC) was touted as the most difficult job that any City Council member had ever undertaken; the FPC, which was vested with responsibilities to award power allocations to various locations around the country, would not grant a gas allocation to Hutchinson unless it was thoroughly convinced that a gas plant could be operated efficiently and run at a profit. It was widely known that FPC leaned towards granting gas allocations to the private industry instead of the public sector.^{xii}

The first step that the City Council took was the passage of a resolution to once again enter into a contract with Buell & Winter, Consulting Engineers, to prepare all engineering data and exhibits. Hubert H. Schultz, an attorney from Iowa, was selected to present data to the Federal Power Commission in Docket No. G-4259.^{xiii} Schultz was chosen because he had been instrumental in obtaining municipal gas establishments in numerous Iowa communities.^{xiiii} Since presenting to FPC was such a large undertaking, the Utilities Commission appointed Martin Toscan Bennett, a consulting engineer located in Washington, D.C., to assist Buell & Winter in the preparations and presentation of the case. The engineering firm was to furnish the City with detailed statistics showing the experience of other cities and towns who were in the business of owning and operating gas utilities. Statistics of production, gross income, net earnings, plant investments, bonded debt charges, and rate schedules were all to be collected to depict a pattern for the City and its citizens regarding the advisability of municipal ownership of gas utilities as well as the feasibility and practicability of financing the project. Through these intensive studies, the firm of Buell & Winter determined that a natural gas distribution system was an

economically feasible project that could be operated successfully in Hutchinson largely because of its possession of the Electric Plant (the town had alternative means of

taking on the summer load). After validating the project's practicality, the firm was charged with

HUTCHINSON UTILITIES COMMISSION	
Date _____	196 _____
Name _____	
Address _____	
_____ Are you interested in natural gas service at this time?	
_____ We request installation of natural gas service for our residence, or place of business, at this time.	
Purpose: _____ 1. Cooking _____ 2. Heating _____ 3. Water Heating _____ 4. Other	
_____ Will you consider natural gas service at an early date?	
<input type="checkbox"/> Not interested at this time.	<input type="checkbox"/> Request additional information.
Remarks _____	

Solicited by _____	

conducting a house-to-house gas survey of Hutchinson's residents. The results were indubitable: most citizens wanted the gaseous commodity to be available in their residences. HUC turned to Northern Natural Gas Company (Northern), based in Omaha, Nebraska, to be their supplier of gas because they offered services such as providing natural gas transportation between other interstate and intrastate pipelines and various storage services. The company had proposed to build a gas line coming down from the Canadian border after they entered into a contract with Trans-Canada Pipelines, Ltd; Northern would connect with the Canadian line at Emerson, Manitoba and transport gas south. With the pleasant results of the survey, studies, and proposed business relationship with Northern in tow, City officials and Utilities' personnel expected to have gas in their mains the following year following a formal hearing before the Federal Power Commission.^{xliv}

Another Spurt of Growth

In the midst of garnering research, the Utilities and Hutchinson were experiencing some serious growing pains due to the expansion of 3M and the proliferation of other businesses. To ease the aches, the Utilities Commission scouted more land to purchase for its anticipated expansion. The Commissioners turned to the Minnesota Western Railway Company's property east of the Plant to the west line of Prospect Street. Wanting to obtain ownership, the Commission agreed to pay \$2,072.90 to the railroad for a Deed to the property.^{xlv} Land was again purchased in 1956, this time from residents for \$7,000 to establish a site for the new warehouse and garage. Following the acquisition of land, contracts were awarded for a \$300,000 addition to the Municipal Electric plant, made necessary for the installation of a new diesel unit. With the acquisition of this equipment, the additional power was expected to be ample enough for the customers of Hutchinson for a number of years; the engine would increase the plant's generating capacity by 32 percent, from 6,240 to 8,236 kW. The Nordberg bid on the engine was \$240,000. It was a 2,810 H.P. 2,000 kilowatt dual fuel engine which adapted either oil or gas.^{xlvi} Located in the southwest part of the original building, the Nordberg was to replace engine No. 2, a McIntosh-Seymour with 430 kW capacity. Only a year later, in March 1957, bids were taken on a second 2,000 kW capacity engine. This item was purchased from Nordberg Manufacturing Company for \$366,764.30.

Struggles to Bring the Blue Flame to Town

The FPC proceedings started during the winter months of 1955, in which Northern Natural Gas applied for a certificate of public convenience and necessity and sought an allocation of natural gas for Hutchinson's municipality, as a municipal distributor. Within this case there were 365 towns who were all soliciting gas, only a few of which were seeking municipal ownership.^{xlvii} April of 1955 brought disappointing news from Hubert H. Schultz, attorney for the City and Utilities Commission. The supplier of gas, Trans-Canada, was unable to complete its financing arrangements in time to bring gas to the threshold of Minnesota. Northern Natural Gas Company had made an application to lay pipeline from the American/Canadian border at Emerson down to Farmington; this line was to pass within a few miles of Hutchinson. On top of Trans-Canada's financial troubles, the proceedings had proven to be tedious since over 350 towns were involved and 90 interveners were on the case, including Hutchinson. Every

party had their own host of witnesses, engineers, and financial experts presenting testimony and could be cross-examined. Obviously, all of the testimony took months to evaluate and be digested. Yet, Schultz assured his audience that, “Of the 356 towns in 6 northwestern states involved, Northern has selected 22 towns they want to serve and Hutchinson is 1 of these 22.”^{xlvi} He was convinced of Northern’s desire to bring gas to Hutchinson because of its reputation as a good town with a burgeoning population and profitable industries. Because of this uncalculated adjournment in the hearings, the Utilities’ plans were stalled. While the Utilities had many people’s support, the Commission faced some stiff opposition.

Adversaries came forth, which also put a delay in the proceedings. Several of the larger cities that received natural gas, such as the Twin Cities; Lincoln, Nebraska; Sioux Falls, South Dakota; and Des Moines, Iowa filed a motion to dismiss the proceedings. These cities were afraid that this new Canadian gas was going to be a more costly expenditure for current Northern customers. They also feared that additional gas extensions would divert the resource away from metropolis users. In response, FPC stymied the urban cities’ appeal when it dismissed their motion on account of the fact that natural gas was plentiful and would remain an affordable option for all parties involved. Despite this victory, Northern had the great misfortune to request a postponement in the pipeline’s creation until the fall of 1956 or soon thereafter in order to locate an appropriate replacement for Trans-Canada. Nevertheless, Schultz defiantly ended his meeting with, “It isn’t a question WHETHER Hutchinson gets natural gas; rather it is WHEN.”^{xlix} Schultz and others were optimistic of the chances of natural gas flowing through the mains by the fall of 1956 in Hutchinson. However, the next two years were marked with Northern making two more attempts, on behalf of Hutchinson, to gain allocations for gas. They were in vain. Yet, the Utilities refused to waver.

A Milestone for Contributions

Despite their struggles with FPC, the Utilities was able to attain a new level of financial success. The plant was doing remarkably well, with total assets exceeding the two million dollar mark for the first time during the spring of 1957. Continuing its fiscal relationship with the City, the Commission achieved a milestone when it exceeded the one-half million mark in contributions to the City Council, rising to \$548,000 later that year. All the while, the need and desire for natural gas service for the City’s commercial and industrial establishments as well as for the citizens became even greater than it once was.

Moving Forward

The unfolding of certain events during 1959 resulted in the realization of the Utilities Commission and City Council’s dream. A Resolution was passed by the Commissioners in regards to the legality of having the Carleton D. Beh Company of Iowa financing the natural gas plant system. This time, it stated that under Chapter 17 of the Home Rule Charter, HUC was,

authorized to construct or acquire a gas plant and distribution system and whereas in order to obtain a certificate of convenience and necessity under the Natural Gas act, it is necessary to

show the ability of the City to finance such construction or acquisition; and whereas the Commission has entered into a contract with Carleton D. Beh Company who has agreed to finance such plant and system; and whereas there is doubt as to the power of said Commission to so contract under existing laws of the state of Minnesota; be resolved that the Honorable Harold R. Popp and the Honorable Walter C. Jungclaus, senator and representative...are requested to obtain the passage of a special law to authorize Hutchinson Utilities Commission to issue revenue bonds and ratifying said contract for financing a gas plant and a gas distribution system.ⁱ

Thanks to Popp and Jungclaus' efforts, a bill was passed by both houses of the Minnesota Legislature during the 61st session in 1959. It was identified as House File no. 1845. Within the contents of this file, Chapter 524 pertained directly to the Hutchinson Utilities Commission. The state authorized the three Commissioners to issue and sell revenue bonds that would not exceed \$650,000, in order to provide money to construct a city gas distribution system. Commonplace in Utilities' history, the bonds were to be payable solely from the revenues of the gas distribution system. Despite having the state's approval, HUC still needed to go before the Federal Commission to have its application with Northern approved.

Despite all the setbacks, Hutchinson Utilities was finally awarded a victory due to a dearth in the supply of natural gas. The FPC belatedly authorized Northern to expand its natural gas pipeline system to 342 Midwestern communities, which included Hutchinson; the expansion also constituted some surrounding communities, such as Glencoe, Silver Lake, and Dassel. Triumphant, the August 4, 1959 Leader edition declared that, "Natural gas service is definitely coming to Hutchinson and other towns in this area." Work was to begin immediately on the \$25 million expansion of Northern's pipeline; construction on the Farmington-Willmar line extension came with a price tag of \$3,842,940. Cost of installing the mains within Hutchinson was estimated to be \$650,000. These moments of triumph were disrupted when challenges from the government and bigger cities came during the autumn months.

The crusade hit a major snag one month later when the Federal Power Commission experienced a change of heart; FPC denied Northern's application for a rehearing of Docket Nos. G-17485 and G-17486, (dockets pertaining to various communities in Minnesota) due to financial concerns that FPC had for Northern. Ergo, an appeal was filed by Northern to the Courts. The appellants solicited \$120,665 from the communities along the proposed Willmar Branch to help pay for the branch line's construction costs and alleviate FPC's fiscal apprehensions. Each distributor of natural gas in the affected communities was itching for an early construction of the branch line so that natural gas service would be initiated by the fall of 1960, especially Hutchinson. Hence, the Commissioners resolutely authorized Hutchinson Utilities to enter into an agreement with other distributors in which they agreed to contribute up to \$25,000.ⁱⁱ In light of Northern's emphatic appeal, the matter was resolved in a favorable manner when FPC approved gas service to the remaining towns.

Just under two months later, officials of the Minneapolis Gas Company incessantly affirmed that they were moving onward with their court battle to block natural gas service to Hutchinson and 24 other communities, all of which were scheduled to receive gas pipelines. Many of Hutchinson's neighbors

were among the targeted and all were considered to be smaller communities: Willmar, Atwater, Grove City, and Dassel. Spokesmen of the Minneapolis Company asserted that they were uniting forces with the cities of Council Bluffs, Iowa and Omaha, Nebraska in their planned appearance to go before the U.S. District Court in Philadelphia on November 15. Their aim was to beseech the court to set aside FPC's July decision to finally approve gas service to communities on the proposed Farmington-Willmar branch line, among others. These indicters once again challenged that some of the targeted towns would be unable to use enough gas to make the line a paying proposition and they were fearful that eventually Minneapolis users would be charged higher rates to cover the losses to the distributor (Northern). In Hutchinson and the other targeted towns' defense, a Willmar city attorney claimed that the feasibility of the service had been proven beyond a doubt to FPC in prior hearings. This counselor also pointed out that FPC, in its decision to certify distribution facilities in the Hutchinson and Willmar area, had considered the testimony of the Minneapolis' gas firm but that FPC had overruled these objections and had issued the order to Northern to provide service in the area. A steering committee, that represented the 25 towns, met with the Minneapolis Company in a fruitless attempt to persuade the company to drop any court action. The personnel from Minneapolis continued in their quest in attempting to squash any hope of gas arriving in the mains of Hutchinson and other towns. Ultimately, Minneapolis' efforts proved futile.

End of an Era

During the spring of 1960, one of the mainstays of the Utilities Commission resigned: R.W. Dahl. After being the Secretary for almost 24 years, Dahl submitted a letter to the Mayor and City Council regarding the abdication of his post. Wallace Kurth was appointed to complete the unexpired term of Dahl, through September 1962. Yet, Dahl's services were retained as he would continue to be the Secretary for an unspecified amount of time due to his extensive knowledge and experiences with the Utilities. Within six years, the last of the three original Commissioners retired. These stalwart men had a profound influence on the community and were indispensable to the creation and further development of the municipal plant.

The Dream Ultimately Comes True

Considering that the permits approving the Farmington-Willmar line had not been revoked by FPC and Northern had given the go-ahead, plans were moving along in spite of problems with Hutchinson's urban counterparts in the summer of 1960.ⁱⁱⁱ HUC advertised for bids in hopes that natural gas would be available to local

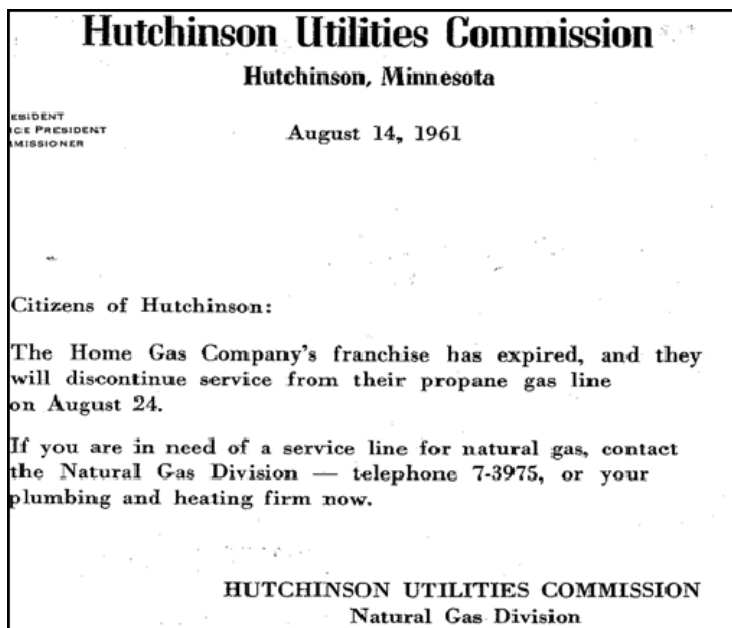


The Utilities Commission of 1960. From left to right: Commissioner Wallace Kurth, President Dr. R. I. Sheppard, and Vice President Dr. A.J. Thompson.

users in the fall; Northern had notified the Commission that its plans were to have the line completed by September 15, 1960. The natural gas was to be delivered to a Border Station, located north of Hutchinson; it was equipped to measure and regulate natural gas that was purchased from Northern's pipeline. Natural gas was principally going to come from large supply areas of the Panhandle and Hugeton fields which encompassed parts of Texas, Oklahoma, and Kansas. A contract was entered into with the L.R. Young Construction Company of Salem, Illinois to construct gas mains, services, and regulating stations in Hutchinson during August. Their bid was the lowest out of four with a total amounting to \$396,169.15. The work entailed laying some 40 miles of gas mains in the city's streets and alleys. The distribution system consisted of steel pipes in an array of different diameters, from 10 to two inches, which were installed about two-and-a-half feet underground. After they had a confirmed contractor, work was expected to start a few weeks later with a scheduled completion date of November 1.

Following a successful courtship, the Utilities Commission was able to hire Orville Kuiken of Sioux Center, Iowa to become the Natural Gas Superintendent. He was selected due to his extensive knowledge of how to create a natural gas department essentially from scratch; he had already achieved such a feat while he lived in Iowa. According to an interview with Kuiken, the most exacting aspects of running the Gas Department was the size of Hutchinson. "The challenges were mainly being that it was a bigger town. There were also some difficulties in getting the gas line to the companies of 3M and Kraft."^{liii} It was a daunting task to bury all the mains, but Kuiken and the other men and women of the Utilities were up to the challenge. Just ahead of schedule, construction of the distribution system was completed and the gas mains were finally ready to receive gas on October 26.

Gas Readily Flows into Hutchinson



By early November of 1960, the Utilities Commission requested that the City Council notify Home Gas Company, Inc. to discontinue using their distribution system and fill the pipes with water.^{liv} This signaled the transfer of natural gas ownership from the private industry to the City. Once the Utilities' gas was flowing through the mains, it became indicative of the growing levels of activity and served as a testament to the progress found in Hutchinson. With the extensive availability of natural gas, Hutchinson became a much more attractive option for future industries to locate or

expand. When companies would decide on new plant locations, they would consider a community's

source of economical, dependable electric power as well as the availability of natural gas. Both could now be found in Hutchinson. Cries of jubilation were found in various articles in the Hutchinson Leader. One professed,

The coming of natural gas to Hutchinson will mean the consumer can now enjoy the comforts of heating the home with this modern, clean, automatic and economical fuel, as well as being able to cook delicious meals with controlled, constant "blue flame" natural gas. Your automatic gas water heater will supply you with an abundance of hot water at all times, and your automatic clothes dryer will have the best fuel available.

We believe, also, that the good citizens of Hutchinson join with us in the feeling of elation that is ours, now that seven years of time and unceasing effort have finally been rewarded with the attainment of OUR GOAL, a BRAND NEW MUNICIPALLY OWNED NATURAL GAS DISTRIBUTION DIVISION. This plant is yours....^{lv}

The quest for the establishment of a natural gas division for the Hutchinson Utilities turned from a seemingly straightforward project to a laborious and convoluted undertaking. Ultimately, the Hutchinson Utilities and its Commissioners emerged as victors on the well-beaten path over its many foes to satisfy rate payers' voracious hunger for the blue flame.



The Electric Plant at the end of the 1950s.