The value of the gas utility and pipeline plant of natural gas distribution and integrated companies at the end of 1964 is shown in table 11.

TABLE 11.—*Gas utility plant of natural gas distribution and integrated companies as of Dec. 31, 1964 (gross plant excluding manufactured gas plant)*

[In millions]

	Investor owned	Municipal	Total
Total utility plant and adjustments	$14,940	$860	$15,800
Production and local storage	1,430	115	1,545
Underground storage	695	5	700
Transmission	3,045	(1)	3,045
Distribution	8,835	645	9,480
General and intangible [2]	725	65	790
Construction work in progress	210	30	240

[1] Less than $5,000,000.
[2] Includes plant acquisition adjustments and plant adjustments.

Source: Schwimmer, *op. cit.*

B. Costs and User Charges

1. CONSTRUCTION AND OPERATING COSTS

The American Gas Association reports that 21,530 miles of distribution pipe were installed in 1964. Construction expenditures amounted to $784 million during the year or an average cost of $36,414 per mile. According to the AGA, "this average construction cost per mile of distribution main includes the expenses involved in bringing gas service to new customers and the strengthening of service to existing customers." [13]

The total mileage of natural gas pipeline of investor-owned distribution and integrated companies at the end of 1964 was 564,580 miles, as shown in table 9. During 1964, $1,421 million were expended for the operation and maintenance of these lines (including $1,205 million for operating expense and $216 million for maintenance).[14] This expenditure represents an average of $2,517 per mile, of which $2,134 is operating expense and $383 is maintenance expense. No data are available to measure the average per mile cost for operation and maintenance of municipally owned utilities.

2. USER CHARGES

Investor-owned utilities set rates at levels designed to recover total operating and maintenance expenses, depreciation costs, taxes, and return on investment. Municipal utilities set their rates to recover all costs including debt service and payments to municipal governments in lieu of taxes. There may be isolated instances of municipal utilities operating at a deficit but these would be exceptions to the general practice of gas distributors. Outlays for facilities and structures of municipal utilities are normally met from retained earnings or from special bonds rather than out of the general tax resources and general obligation borrowings of the municipalities.

[13] Schwimmer, *op. cit.*
[14] *Gas Facts, op. cit.* pp. 195–198. This excludes $3,356,000,000 purchased gas costs.