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PYRAMIDS & POWER – EDMUNDSONS

A Pre-war Holding Company

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If the present day panorama of UK electricity supply seems complex when compared to the scene, say, forty years ago, spare a thought for anyone surveying it further back, in the early 1930s. Redruth, in Cornwall may illustrate this suggestion. Here electricity was supplied by the Redruth & Illogan Electricity Supply, owned in turn by the Urban Electric Supply Co. Ltd. Then again, the UESC was controlled by Edmundsons' Electricity Corporation Ltd, owner of many other supply companies. The pyramid rose higher: Edmundsons (often rendered without the apostrophe, as it is here, unless genitive) was a subsidiary itself, of the Greater London & Counties Trust (GLCT). The next stage of this pyramid was the ultimate owner of the GLCT, the Utilities Power & Light Corporation, of Chicago (UPLC) which, although a small item in the USA (owning but 1% of installed capacity there) was to become a big fish in the more modest-sized UK environment. It was in any case not quite at the pinnacle of a pyramid in that it was a subsidiary after 1932 of 'Pusco', the Public Utilities Securities Corporation, itself owned by a further holding company owned by the (to change metaphor) spider at the centre of the web, the entrepreneur Harley Clarke. In this way a long chain of control ran from 'the windy city' to distant Redruth, and much else besides.

The GLCT was a classic example of the 'Holding Company' system that had been perfected in the USA, notably in the field of public utilities. Starting with a relatively small investment, the 'holder' bought control of one or more subsidiaries, then used them as collateral for raising loans, then investing further until the outcome was the kind of pyramid described above.

In the UK the system was partly the outcome of the defective statutory basis of electricity supply which, in an attempt to avoid exploitative monopolies, had brought about a mass of small, local electricity companies and a few regional 'power companies' serving small towns and more rural territory, as well as numerous municipal undertakings.

There were other examples, some home-grown like British Power and Light Corporation, or the County of London Electric Supply Co. Ltd, both of which had shallower pyramids. The GLCT saga started in 1926-27 when the UPLC of Chicago invested some £700K buying up a raft of small UK supply companies, often financially anaemic ones. Their largest coup was to

acquire Edmundsons in 1928 with a tempting offer to its shareholders.

Edmundsons, which had commenced as general gas and electricity engineers went public in 1897 as Edmundsons' Electricity Corporation. It set about acquiring small, local electricity undertakings of which it had fifty wholly or partly owned by 1908. Its financial returns were, nevertheless, disappointing – hence the attractions of the GLCT offer.

The shrewd strategy behind GLCT's strategy of purchases was to bank on the building of the National Grid (1927-33) which promised to spread general electrification around the UK, as indeed turned out to be the case. The GLCT chose Edmundsons as its front, using it to buy, control or invest heavily in a collection of existing undertakings.

One advantage of the holding company system was that the pyramid could include other, but related enterprises as part of a general rationalisation. So, for example, GLCT was part of a consortium that shared control of English Electric, to the potential benefit of all parties: English Electric could supply Edmundsons which could get favoured treatment from English Electric.

Although Edmundsons owned many of its subsidiaries outright, in others it held a large shareholding, enough to give it clout, 'with the object of securing co-ordination and management of properties of a similar nature' in its own words. Thus, through its Western Electricity Supply Co Ltd, Edmundsons had influence or control of smaller concerns serving, e.g. Cirencester, Chippenham and Devizes.

Even so, it was never plain sailing for GLCT. Its foreign ownership, played down at first, ran into criticism in an era of growing economic nationalism. The American owners attempted to mitigate this problem by appointing British directors, for example Sir Philip Dawson, an eminent electrical engineer who had at one time had masterminded the electrification of the London suburban services of 'The Brighton Line', the LB&SCR. For a while the chairman was Lord Birkenhead (F.E.Smith) former Lord Chancellor and a leading Tory, as well as Sir Austen Chamberlain, former Foreign Secretary.

But the criticism continued, not in the least because it was generally reckoned that GLCT costs (and consequently, profits) were on the high side. The Electricity Commissioners had this view, but could only lean on actual undertakings, not their remote controllers in the USA.

In the mid-1930s, the American-owned Edmundsons had a maximum of nearly 100 undertakings in its portfolio; 30 in 1932, 99 by 1935, 'supplying 500 towns and villages' as its advertisements claimed. But the portfolio was rarely stable for long. For example, Oxford Corporation decided to exercise its statutory powers of compulsory purchase and relieve Edmundsons of the Oxford Electric Co. A similar divesting took place in Reading.

Eventually the Great Depression brought the American owners low and gradually control reverted to British interests, although not until after the UK subsidiaries had been squeezed hard for funds, including an astonishing 50% dividend from Edmundsons. The declining UPLC increasingly treated Edmundsons as a milch cow in spite of its PR claims about service to the public. The takeover was completed in 1936; the new chairman was the reassuringly British Sir Thomas Royden, Liverpool shipowner and later chairman of the LMS railway. The British owners liquidated the GLCT and concentrated on further rationalising Edmundsons. By the time of the 1947 nationalisation Edmundsons was reorganised into six main and a dozen subsidiary companies.

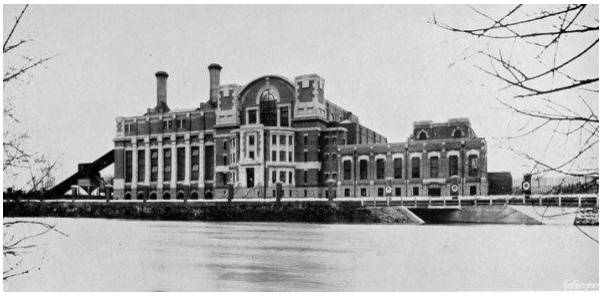
And now to the map. In 1931, at a time when the American owned GLCT was still riding fairly high, *The Times* ran a supplement celebrating the centenary of Michael Faraday's world-historical discoveries in the relationship of electricity and magnetism.

The GLCT, in a gesture of support, bought considerable space in the supplement to set out a map of its empire. The map did not name specific undertakings, but rather it endeavoured to show the broad extent of what might be termed company territory and centres with which it was particularly associated.

GLCT Holdings in W. Midlands, South and Mid-South Wales, I of W etc 1931

Observers will note a broad stretch of non-GLCT territory running down either side of the River Severn: this was in the hands, variously, of the West Gloucestershire Power Co, Bristol Corporation and many others. Much of the solid, shaded bloc of 'middle south' territory was in the hands of an Edmundsons' subsidiary, the Wessex Electricity Co. which purchased bulk supplies from a range of suppliers and then distributed and retailed it on a local basis.

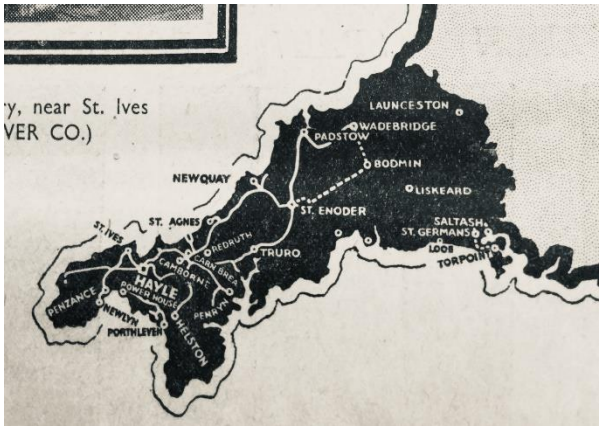
A close exegesis of the map would take a good deal of the reader's time and patience, but some of its salient features can be used to make the main points. This portion of the map displayed concentrates on the GLCT interests in the South and West. Although the shaded area seems to be a single, homogenous region, it covers a large number of individual undertakings, some interconnected, some not. For example, much of central and West Cornwall (approximately 500 sq miles of it) is a shaded area. In that County, Bude, Falmouth, Polperro, Mevagissey and St Austell were among the few concerns independent of the Edmundsons tentacles, although the cartography masks this.



Stourport-on-Severn Power Station, an SWS bulk supplier

Edmundsons owned ten subsidiaries in Cornwall: the Urban Electric Supply Co by which it controlled distribution in Redruth, Camborne and Illogan, also other undertakings such as the Penzance Electric Supply Co, or the Liskeard Gas & Electricity Co Ltd. All of these suppliers bought bulk power from the National Grid selected power station at Hayle, owned by the Cornwall Electric Power Co – another Edmundsons' subsidiary. At this time (early 1930s) Hayle generated AC at 25Hz, therefore the standard for much of Cornwall, but soon to be converted to 50Hz in 1932-33. A further simplification was carried out by the Cornwall Electric Power Act, 1936, which put the entire collection into the Cornwall Power Company.

Close observation of the Cornwall map will reveal a mini-grid near Saltash where the East Cornwall Electricity Supply Co, owned by the UESC and therefore Edmundsons, took over the small non-statutory undertaking in Saltash (1928), and the Torpoint Electric Supply Co in 1929. Torpoint was a good example of the small and slightly antiquated supplier from the palaeo-electric era that Edmundsons liked to rationalise and link to its local grid energised from Hayle. At the time of the takeover Torpoint was a 2-wire DC undertaking, running a heterogeneous mix of generators employing gas, semi-diesel and a petrol/paraffin motor.



GLCT Holding in Cornwall (the Independent undertakings are not made clear!)

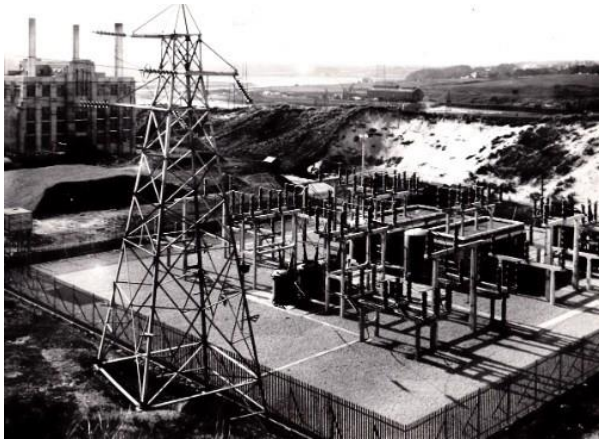
Between Cornwall and the heartland of Edmundsons southern operation electricity supply lay in other hands, hence another blank space on the map. The GLCT heartland stretched from Bridgnorth (mis-spelt on the map) in the North, to Ventnor in the South, with Guernsey as an outlier. Much of South Wales was in the hands of an Edmundsons' offshoot, the South Wales Electric Power Co, itself controlled by Edmundsons' own 'SWS' (Shropshire, Worcestershire and Staffordshire Electric Power Co, with which it interconnected). Its chief generating station was at Upper Boat, near Pontypridd, from where power was supplied not only to its own customers, but also to some local authorities: Caerphilly, Barry, Pontardawe, *et al*; as well as independent suppliers like the Penarth Electric Lighting Co.

Some entries on the map may appear eccentric or unexpected, such as Sturminster Newton. In this case the Wessex Electricity Co. (an Edmundsons' firm) supplied bulk power to a small, non-statutory undertaking which it owned, the Sturminster Newton (Dorset) Electricity Supply, formerly the property of the Dorset & Devon Electricity Supply Ltd, duly purchased from its liquidator by Edmundsons in 1928. And what of Tisbury? This installation was unusual by the big engineering standards of the GLCT system. It had been set up by the 'old' Edmundsons long before the GLCT take-over, back in 1921. Operations started the next year; a modest hydro-electric arrangement with a 24hp turbine, backed up by a motor and a 300 amp/hr battery.

Edmundsons had investments in the Isle of Wight as well as their Guernsey outlier, the Guernsey Electric Light & Power Co, but this was purchased by the States of Guernsey in 1933. The Isle of Wight branch of Edmundsons provides a neat summary of not only the firm's general rationalisation policy, but of a more general process taking place throughout the UK at the time. Edmundsons' links with the IoW long antedated the GLCT era. Back in the 1890s the original Edmundsons had pioneered electrification in the Island by initiating a small supply system in Ventnor; it came on stream in 1900. From this start, through its subsidiary the Isle of Wight Electric Light & Power Co Ltd, it set up similar small, 3-wire dc systems in Shanklin and Sandown, Newport (which also served Cowes) and Ryde. Generation was by a variety of steam, gas and oil engines in four small power stations. A few customers were served by a single-phase ac supply. Cowes was served by a 2.4kW dc link reduced locally to 480V by a 'rotary transformer.'

By the mid-1920s these systems were becoming overloaded and it was decided to concentrate generation on a single, modern power station at Kingston, East Cowes, and to close the original power stations, turning them into substations. The new station (late 1928) had a capacity of 8MW by 1935. As the map shows, there was also a proposal, later to bear fruit, to link the main system with West Wight where a there was small undertaking in Yarmouth associated with a local steam laundry. Edmundsons also absorbed a small, local distributor, the St Helens Electric Lighting Co. in 1931; it had long been associated with the IWELP Co.

The new Island set-up followed the emerging national standard being encouraged by the Electricity Commissioners, 50 Hz ac. After an initial period in which a 4-wire AC system had to be reconciled with the original 3-wire DC cabling; the standard 4-wire system was installed 'as time and resources permitted'.



Hayle BSP with Power Station beyond, mid-1930's in the GLCT era (WPEHS photo)

These selected examples may demonstrate why we might describe the GLCT portfolio as 'unstable.' Although a broad collection of shareholdings and other arrangements gave it at any one time a considerable territory, components came and went. In spite of which some rationalisation proceeded: small generating stations were closed; larger ones supplied bulk power instead. For example, the small stations in Church Stretton, Ludlow, and Clun were shut and power then taken from the SWS selected station at Stourport-on-Severn (see picture on 4). Carn Brea generating station was run down in favour of Hayle. Similarly, managerial, financial and technical services were consolidated and improved. Sometimes the speed or density of the changes involved seemed to fox even the invaluable *Garcke's Manual*. In 1932-33 it recorded on one page that the Liskeard subsidiary was buying bulk power from Hayle, but on another page it records the source as being Plymouth Corporation.

In spite of this progress, GLCT never quite shook off the criticisms about its foreign ownership, observations that might have been mitigated were GLCT, through Edmundsons not so obviously and increasingly milking its British holdings to nourish the ailing UPLC of Chicago. The complex Edmundsons' set-up was in part an answer to the problems of a national system hobbled by its origins in poorly conceived legislation, subject to repeated official enquiries, reports and rationalisations. Perhaps, after all, it made the best that might reasonably expected of a curate's egg.

Carn Brea Station converted into the Central Office for Cornwall Electric Power Company 1930's (WPEHS photo)

Notes

Readers interested in a more detailed history of electricity supply in Cornwall can consult 'Electricity in Cornwall' in *Histelec News* 2002-03, with supplements; all can be found on the WPEHS website.

For the Isle of Wight's electrical history, see also Edwin Sherfield, *Electric Wight*, 2012.