

**TAXPAYERS' PUBLIC SERVICE  
MAGAZINE, VOL. XXIV,  
NOS. 1-4, JANUARY-APRIL,  
1918, THIRTEENTH YEAR**

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by Various

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**VARIOUS**

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# Taxpayers' Public Service Magazine

Vol. XXIV. No. 1

JANUARY, 1918

Thirteenth Year

What we want  
for business is  
the same kind  
of liberty we  
want for the  
individual.

—President Wilson addressing  
the American Electric Rail-  
way Association.



**Square Deal  
Number**

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# Let us talk it over

## PUBLIC SERVICE

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**Square Deal** THE time has come for all sane Americans to say with President Wilson:

"What we want for business is the same kind of liberty we want for the individual."

In his famous address to the business interests of the country last July, the President amplified this statement to the American Electric Railway Association by saying:

"A just price must, of course, be paid for everything the government buys. By a just price I mean a price which will sustain the industries concerned in a high state of efficiency, provide a living for those who conduct them, enable them to pay good wages and make possible the expansion of their enterprises which will from time to time become necessary as the stupendous undertakings of this great war develop. We could not wisely or reasonably pay less than such prices. They are necessary for the maintenance and development of industry, and the maintenance and development of industry are necessary for the great task we have in hand."

With that, too, every sane American must feel himself in perfect accord. No class of business is more intimately allied with the needs of the nation today than public utilities. Every one of them stands in the first line of defense, holds its place of paramount importance in the main trench. All alike must be maintained at the maximum standard of efficiency. None deserves, none asks for any special privilege. Indeed, if there is another class of business which has uniformly thrown itself more freely and generously into the breach of national service at this time than the utilities, we have failed to find it out. On that score, there is no argument. But as the President says, to enable this and other classes of business to do what they must do, it is essential that they must receive a fair rate of return for their service. They have enormously increased and ever-increasing costs of operation to meet. They cannot meet them and keep up with current demands unless they are permitted to raise their rates in some degree—not to raise their rates in order that they may increase their profits over and above what is right and necessary.

In short, all that the President suggests, all that the utilities ask or expect, is a "square deal"—as the President has so happily phrased it, "What we want for business is the same kind of liberty we want for the individual."

To that proposition this "Square Deal Number" is dedicated. We are simply enunciating the "Live and let live" of the Golden Rule, which is the vital cry of a people united as we are and must remain. These higher price levels cannot be regarded as temporary expedients for some and not for all.

The most encouraging feature of the situation is that the public and the public's official representatives are coming to appreciate the force of all these appeals for the square deal for utilities. For the fact is rates are being increased by and with the authority of the public through commissions and courts. There is abundant evidence of that in the pages of this magazine. Hundreds of increases in all kinds of utility rates have been granted throughout the union and in Canada. But, of course, hundreds of others must be granted. All utilities are in the same box and all must have the same treatment. The outlook is hopeful, for the simple reason that the justice of the utilities' case has impressed itself on a large proportion of the public. In other words, despite the camouflage of propaganda misinformation, the facts are filtering through and facts will inevitably win their own way.

### Railroads

THE railroad case simmers down to this: The railroads have been handling more business and getting less revenue. Obviously the fault lies with rates, and rates are the making of the government, not the roads. Give the men trained and skilled in the art of running railroads the squarest possible deal, the freest hand compatible with the general welfare and they will produce results with which, in our judgment, no government control or operation could possibly compare. Always, of course, private operation is to be thought of only in conjunction with *due government regulation*. One cannot think of this railroad case without reverting to the notorious Adamson law. A dilemma arose. It had two horns, as have most dilemmas. One was labor's demand for increased wages. Forthwith, while labor waited on the doorstep, the government handed out what labor asked. The other was the railroads' demand for increased freight rates. The government took the matter under advisement and, except for a few sporadic and inconsequential advances, still has it under advisement. Of course con-

# -and be fair about it.

ditions cannot be corrected that way. That method of procedure was by no means conducive to meeting the crucial demand for adequate railroad transportation. Whatever the end of the railroad case may be, even though the government assumed full charge and ownership, which, of course, is out of all question, it would not mean that the railroads had failed in their ability to manage, for they have not, in this crisis, had the freest opportunity of demonstrating their ability, although by increasing traffic about 20 percent over 1916, they have accomplished a great feat under the handicap of inadequate revenue.

## Results

WE are not simply saying that utility rates can and should be raised, we are showing that they *have been and are being raised*. In one place in this magazine will be found where increases have been granted within the last three years to some eighty odd street railways. This is food for thought for those who regard the 5-cent fare as a fixed institution. In another place we present the records of some 200 or 300 increases in the last year to various utilities—gas, electric, water, etc. O. B. Wilcox of Bonbright & Co., New York, has shown that out of 462 applications for larger rates in 1917, 401 applications were granted, almost 90 percent.

This shows, doesn't it, that the tendency is to increase rates when the facts show they should be increased? Some of the larger utility operators have advised us that they find no special difficulty in securing just and reasonable increases when they have fairly presented their case.

## Cash Cost

IN considering the enormous increases in the cost of utility operation, let us not lose sight of the increased cost of money to the utility company.

"What is worse than all the rest to those who are called upon to make improvements or refund securities is the rapidly advancing cost of money; that is the most serious problem at this time with many," says Dow R. Gwinn, president of the Terre Haute Water Works Company, on another page of this magazine.

Capital is the first and last indispensable factor in business operation. The selling prices of business must be gauged in part by the buying price of capital. Rates of return cannot be held down while rates of interest are constantly rising without ruin to business. As for instance in the state of New York, where dividend return to the up-state electric

railways for the last few years has ranged from 1¾ to 3¾ percent, as against a prevailing interest rate for money borrowed by these companies of 7 to 10 percent. This condition cannot go on without ruinous results. And it is a foolhardy community that will permit it to go on.

With the government rightly given prior claim to the investment market at this time, utilities must have proper support if they are to obtain the necessary capital. They cannot force investors to give up their money and investors won't give it up unless they get what they want in return for it. As we have often said, the state can make a law of any kind to regulate capital, but it cannot make a law to compel a capitalist to invest his money. What the state can do at this crucial time is to make such provisions as will enable the utilities to borrow money and yet obtain rates of return that will allow them adequate margins on the right side of the ledger. We believe this will be done. We see that the tendency is to raise consumption rates where necessary and we have sufficient faith in the responsible officials to believe that they will make the rates of return and the rates of interest more nearly proportionate, so that the public may have prosperous utilities, which is the only kind that is worth having at all.

## No Velvet

NOTE this statement by John A. Britton, vice-president and general manager of the Pacific Gas & Electric Co., elsewhere in this magazine: "We do not ask for an increase in our profits, nor even that the rates be raised by an amount equal to the actual increase in operating expenses, but are only asking for a partial reimbursement of expenses incurred by reason of abnormal conditions, realizing that corporations, in common with the public, must bear their proportion of the war burdens." We recite that here to emphasize the position of the public utilities as a whole with relation to this matter of increased rates.

## Justice

AFTER all, there is nothing strange in the general movement toward higher utility rates. It is simply part of the movement toward higher prices for everything. It would be phenomenal if the utilities did not require higher rates, especially inasmuch as many such rates have been too low for a long time, even before our entrance into war.

By what miraculous combination of circumstances or magic power could it be supposed that in a time

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like this one certain class of business could proceed, apart from all others, on the same standard of rates that obtained before the abnormal condition set in?

Those who know the facts know that utilities are naturally beset by certain extra hazards, which when the simple truth is stated, make it necessary for them to have a rate of return which appears larger than the ordinary. Simple interest on investment is not enough. There is only one rule to apply to the utilities and that is the same rule that is applied to all other business, the rule of the cost of operation. In order to make rates fair, they must be made flexible. That is always done where the inexorable law of supply and demand is duly considered. We cannot make fish of one class of business and fowl of another and come anywhere near doing justice to business or the public. And the large numbers of utility rate increases being made all over the country indicates that this view is receiving large consideration today.

## People

IN Seaford, Del., women went to the city council with a concerted request that the Sussex Gas Company be permitted to raise its rates to the consumer. Evidently the company has taken the time to present the facts of its case to the women, who are the real gas users.

In Rock Hill, S. C., voters went to the polls and by an overwhelming majority, authorized an increase of rates for the Rock Hill Gas Company after the company had laid before the community the facts about its business.

Inform the people and you can generally trust them to do the square thing. In all these cases where utility companies are getting increases in their rates, you will find that as a rule the companies have first gone to the people with a matter-of-fact statement of their affairs. Consumers, themselves, can have no reason for denying a square deal to a utility, for they know that the utility is necessary to their convenience and welfare and that only a prosperous utility can meet the demands.

## Fifty-Fifty

IT should be clearly understood, of course, that this somewhat general movement of utilities to secure higher rates arises solely from the pressure of abnormal conditions. The utilities are not asking for larger profits, but simply for such increases as will enable them to bear their share of the extra burdens incident to the war. That is what every other line of business has done, or is doing. The only difference between the public utility and the coalman, packer, the grocer, butcher, clothier, shoeman and the rest of the commercial and industrial trades, is that while all these advanced before the government took control, their prices and rates

without asking anybody else about it, the utilities had and have no such power. They must abide the permission of public official bodies. Now and then one hears from some senseless source such a statement as this: "Why should the public utilities ask for increased rates in order to help them meet the demands of the war? Why don't they do as others are doing, bear their share of the sacrifice?" Senseless, we say. Of course any sensible man knows that the utilities are more than bearing their share of burden and sacrifice. All they are asking is to cut the extra cost of operation 50-50 with the public. They are not doing what other lines of business have done—soaking the consumer without let or hindrance; they couldn't if they would.

## Money Value

ROGER BABSON, the statistician, finds that the purchasing power of the dollar of today is approximately 30 percent less

than it was in 1914.

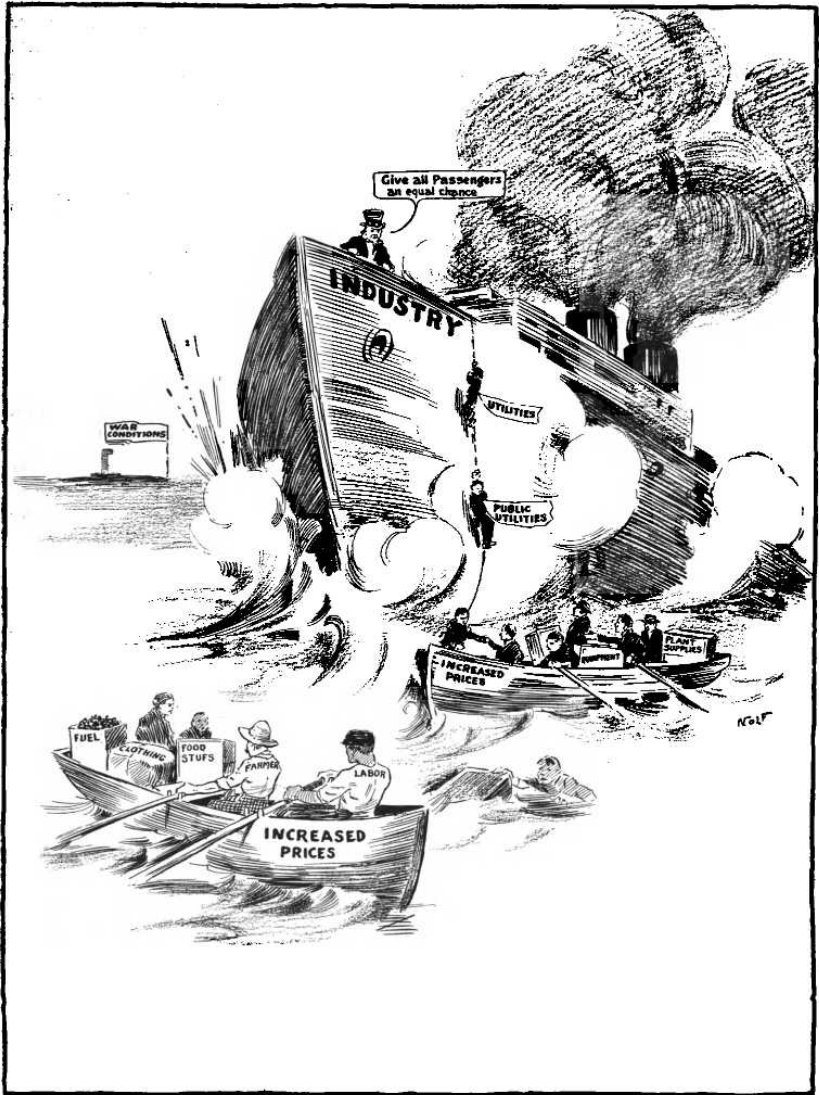
"This means," he says, "that if you are to receive the same payment for goods as you did three years ago you must mark up the prices by an amount corresponding to the decrease in the value of the money which you take for them. The product that you sold three years ago for \$1.00 you must now get at least \$1.30 for unless you wish really to reduce the price of the goods."

When it comes to the matter of utilities it may be questioned if Mr. Babson's depreciation of the dollar is not too conservatively stated. Utilities are paying, in many cases, from 50 to 250 percent more for their equipment and materials. But even if the dollar is worth only 30 percent less, it only serves to emphasize the justice of the demand for increased rates.

## Stability

WE should like to call especial attention to an article on another page under the title of Henry L. Doherty & Co. in which appears the statement that the general stability of public utilities is well established. Undoubtedly that is true and we think it needs to be kept in mind as much by utility operators as the general public. On the other hand, as the Doherty statement also says, "increased rates must be proportionate to increased fuel and other costs" of operation. The present upset in economic conditions, while it calls for immediate rate increases for the utilities, does not, we feel sure, invite pessimism on the part of anybody. A thing that is so indispensable to the general welfare in a time of supreme crisis as is the public utility is certainly entitled to the fairest possible treatment by the public and, we believe, will get it, especially if the utilities see to it that the public understands their case.





The life boat of Increased Prices is the only means of escape for all alike.

**O**UT of 462 applications for increased utility rates reported in 1917, increases were granted in 401 cases. That means that more than 86 per cent of the requests for rate increases were granted. And that in turn must mean that local and state commissions have become convinced that utilities in general are entitled to larger rates of return in order to afford adequate public service.

## Hundreds of Increases in Thirty-six States and Canada

**H**UNDREDS of rate increases of all public utilities have been granted within the last year—401 out of 462 requests—by local and state commissions and large numbers of applications for such increases are now pending in the various states of the union.

This signifies one thing and that is that the public regulating bodies, after learning the facts, have found that utilities must have larger rates of service and larger rates of return if they are to remain in business and that they must remain in business for the good of the state. But it is not merely enough that they remain in business; they must be able to keep up with the demands of growth and progress which these urgent times force upon them. To do that, as the regulating bodies evidently perceive, the utilities must have more nearly adequate rates. They must be treated as all other classes of business are treated—allowed to raise their prices to meet the rising costs of operation. It is only a prosperous utility that is a worth while utility.

The following tables comprise increases that have been granted, for the most part by state or other public bodies, in thirty-six states and Canada. Some may not yet be confirmed. They do not include increases to street railways. These are presented on other pages to themselves. Nor do the following tables include by any means all increases made or granted within the last year, but they do show the comprehensive scope of the movement toward increasing the rates for public utilities. This very nation-wide of the movement thwarts any invidious attempt to pretend that the upward tendency is due to anything but a recognition by public regulating commissions and officials of the justice and necessity of such increases.

These tables below do not include advances made to municipal plants. Some of them are given in another article to themselves.

One of the most interesting features of these large numbers of rate increases is that more have been granted in Massachusetts than in any other state. Massachusetts has for thirty years supervised the securities of public utilities. This is an effectual answer to those who claim that the demand for rate increases arises from over-capitalization. Surely there is no talk of "watered stock" in Massachusetts.

Besides these increases given below—between 200 and 300—other such increases are monthly being allowed in the various states and Canada and it would be impossible at the moment to present anything like a complete list. As will appear from the following tables gas rates have apparently made better progress with increases than others. This is due to several reasons, one of which is the difference in character and classification. When all the electric rate increases now made and pending are completed their numbers will show up quite as formidably.

California		
City	Utility	Company
Fowler	Gas	Fowler Gas Co.
Huntington Beach	Gas	Huntington Beach Gas Co.
Newport Beach	Gas	West Coast Gas Co.
San Jose	Gas	Gas & Electric Co.
San Francisco	Gas	Pacific Gas & Electric Co.
Oakland and San Francisco	Electric	Great Western Co. and City Electric Co.
Colorado		
Colorado Springs	Gas	Colorado Springs Light, Heat & Power Co.
Colorado Springs	Electric	Colorado Springs Light, Heat & Power Co.
Colorado Springs	Steam Heating	Colorado Springs Light, Heat & Power Co.
Connecticut		
Wallingford	Gas	Wallingford Gas Light Co.
Thompsonville	Gas	No. Conn. Light & Power Co.
Middletown	Gas	Middletown Gas Light Co.
Hartford	Gas	Hartford City Gas Co.
Derby	Gas	Derby Gas Co.
Danbury	Gas and Electric	Danbury & Bethel Gas & Electric Light Co.
Meriden	Gas	Meriden Gas Light Co.
Hartford	Electric	Hartford Electric Light Co.
Meriden	Electric	Meriden Electric Light Co.
Bristol	Steam Heating	Bristol & Plainville Tramway Co.
Delaware		
Wilmington	Gas	Wilmington Gas Co.
Florida		
Gainesville	Gas	Co-operative Ice Mfg. Co.
Georgia		
Atlanta	Steam Heating	Georgia Railway & Power Co.
Idaho		
Boise	Gas	Boise Gas Light & Coke Co.
Illinois		
Belleville	Gas	Belleville Gas Co.
Princeton	Gas	Princeton Gas Co.
Aurora	Steam Heating	Aurora Electric Co.
Alton	Steam Heating	Alton Gas & Electric Co.
DeKalb	Steam Heating	DeKalb-Sycamore Electric Co.
Indiana		
Muncie	Electric (Power)	Muncie Electric Light Co.
Indianapolis	Electric	Indianapolis Light & Heat Co.
Indianapolis	Electric	Merchants' Heat & Light Co.
Princeton	Gas	Princeton Gas Co.
Anderson	Gas	Central Indiana Gas Co.
Fl. Wayne	Gas	Northern Ind. Gas & Elec. Co.
Brazil	Gas	Brazil Gas Co.
Noblesville	Gas	Indiana Gas Light Co.

**UTILITY** companies in general, notably large concerns with many subsidiaries, testify to the fact that for the most part the public is, whenever informed of the facts, yielding very readily to requests for reasonable rate increases. It is evident that the people as a whole appreciate the indispensable services of the utilities, together with the fact that they must have fair rates of return in order to exist.

Tipton	Gas	Indiana Gas Light Co.	Pittsfield	Gas	Coal Gas Co.
Bedford	Steam Heating	Interstate Public Service Co.	Salem	Gas	Salem Gas Light Co.
Fowler	Steam Heating	Interstate Public Service Co.	Peabody	Gas	Salem Gas Light Co.
Lebanon	Steam Heating	Interstate Public Service Co.	Newburyport	Gas	Newburyport Gas & Elec. Co.
New Castle	Steam Heating	Interstate Public Service Co.	Boston	Steam Heating	Edison Elec. Illuminating Co.
Bloomington	Steam Heating	Central Indiana Light Co.	Worcester	Steam Heating	Worcester Electric Light Co.
Terra Haute	Steam Heating	Citizens' Mutual Heating Co.			
<b>Iowa</b>					
Ottumwa	Electric	Ottumwa Railway & Light Co.	Minneapolis	Electric	Minneapolis General Elec. Co.
Waverly	Gas	Waverly Gas Co.	Albert Lea	Steam Heating	Minnesota Gas & Electric Co.
Marengo	Gas	Marengo Gas Co.	Duluth	Steam Heating	Duluth Edison Electric Co.
Red Oak	Steam Heating	Red Oak Electric Co.	St. Paul	Steam Heating	Northern States Power Co.
Cedar Rapids	Steam Heating	Iowa Railway & Light Co.	Faribault	Electric and Gas	Northern States Power Co.
Marion	Steam Heating	Iowa Railway & Light Co.	Eveleth	Steam Heating	Minneapolis Utilities Co.
Boone	Hot Water	Iowa Railway & Light Co.			
Perry	Hot Water	Iowa Railway & Light Co.	Kansas City	Natural Gas	Cities' Service Co.
Traci	Steam Heating	Iowa Railway & Light Co.	Independence	Gas	Jackson County Light, Heat & Power Co.
Iowa Falls	Hot Water	Iowa Railway & Light Co.	Mexico	Steam Heating	Mexico Power Co.
Manchester	Steam Heating	Iowa Railway & Light Co.	Kansas City	Steam Heating	Kan. City Light & Power Co.
<b>Kansas</b>					
Kansas City	Natural Gas	Cities' Service Co.	Marshall	Gas	Marshall Gas Light Co.
Independence	Natural Gas	Cities' Service Co.	Bay City	Gas	Michigan Light Co.
Independence	Gas	Independence Gas Co.	Cadillac	Gas	Cadillac Gas Light Co.
Lawrence	Natural Gas	Citizens' Light, Heat & Power Co.	Marquette	Gas	Marquette Gas Light Co.
Topoka	Gas	Consumers' Light, Heat & Power Co.	Detroit	Steam Heating	Detroit Edison Co.
<b>Kentucky</b>					
Winchester	Natural Gas	Central Ky. Natural Gas Co.	Portsmouth	Electric	Rockingham County Light & Power Co.
Hartford	Electric	Kentucky Light & Power Co.	Portsmouth	Gas	Portsmouth Gas Co.
Louisville	Steam Heating	Louisville Gas & Electric Co.			
<b>Maine</b>					
Biddeford	Gas	York County Power Co.	Chuctanunda	Gas	Chuctanunda Gas Light Co.
Portsmouth	Gas	Portsmouth Gas Co.	Hornell	Gas	Hornell Gas Light Co.
Bangor	Gas	Bangor Gas Light Co.	Plattsburgh	Gas	Plattsburgh Gas & Electric Co.
<b>Maryland</b>					
Baltimore	Gas	Consolidated Gas, Elec. Light & Power Co.	Amsterdam	Gas	Chuctanunda Gas Light Co.
Crisfield	Gas	Crisfield Light & Power Co.	Oswego	Gas	People's Gas & Electric Co.
Elkton	Gas	Elkton Gas Co.	Ithaca	Gas (Discount abolished)	Ithaca Gas & Electric Co.
<b>Massachusetts</b>					
New Bedford	Electric	New Bedford Gas & Edison Light Co.	Medina	Gas	Medina Gas Co.
Pittsfield	Electric	Pittsfield Electric Co.	Rochester	Steam Heating	Rochester Railway & Light Co.
Fall River	Electric	Fall River Electric Light Co.	Hornell	Steam Heating	Hornell Electric Co.
Lowell	Electric (Provisional)	Lowell Electric Light Corp.	New York	Steam Heating	New York Steam Co.
Westfield	Gas	Westfield Gas & Electric Co.	Lockport	Steam Heating	Lockport Light, Heat & Power Co.
Spencer	Gas	Spencer Gas Co.	Avon (and adjacent towns)	Natural Gas	Pavilion Natural Gas Co.
Weymouth	Gas	Old Colony Gas Co.	Elizabeth City	Gas	Southern Gas Improvement Co.
East Braintree	Gas	Old Colony Gas Co.	Henderson	Gas	Southern Gas Improvement Co.
Ware	Gas	Ware Gas Light Co.	New Bern	Gas	New Bern Gas & Fuel Co.
Brockton	Gas	Brockton Gas Light Co.	Fayetteville	Gas	Fayette Light & Power Co.
Cambridge	Gas	Cambridge Gas Light Co.	Washington	Gas	Washington Gas Co.
New Bedford	Gas	New Bedford Gas & Edison Light Co.	Wilmington	Gas	Tidewater Power Co.
Springfield	Gas	Springfield Gas Light Co.			
Chicopee	Gas	Springfield Gas Light Co.	Deville Lake	Steam Heating	General Utilities Corporation.
South Hadley	Gas	Springfield Gas Light Co.	Enderlin	Steam Heating	General Utilities Corporation.
Longmeadow	Gas	Springfield Gas Light Co.	Oaks	Steam Heating	General Utilities Corporation.
West Springfield	Gas	Springfield Gas Light Co.	Grand Forks	Steam Heating	Red River Power Co.
Agawam	Gas	Springfield Gas Light Co.			
Worcester	Gas	Worcester Gas Light Co.	Lincoln	Steam Heating	Lincoln Heat, Light & Power Co.
Malden	Gas	Malden & Melrose Gas Light Co.			
Quincy	Gas	Citizens' Gas Light Co.	Columbus	Electric	Columbus Power & Light Co.
Amesbury	Gas	Amesbury & Salisbury Gas Co.	Columbus	Electric	Columbus Railway, Power & Light Co.
Revere	Gas	Suburban Gas & Electric Co.	Cleveland	Electric (Provisional)	Cleveland Electric Illuminating Co.