

## CHAPTER VIII

### THE FIXING OF RATES

#### Public Utilities and the Regulation of Public Service

**Ownership of Public Utilities.** — In the older countries the public utilities are generally owned and managed by the State or municipality. In the countries, on the other hand, which are but sparsely populated and in which the potentiality of natural resources is large, private enterprise is usually depended upon to make the development.

Certain utilities are almost universally publicly owned. This is true of city streets, very largely of country roads and bridges and, in most countries, of the sewers. There is probably not a city in the United States in which a charge is made for the service rendered by the sewer system. The benefit, in this case, to the community as a whole, of properly disposing of human excrement and such domestic waste as can be floated away with water, is generally recognized. There is no apportionment of cost to individuals, in other words, according to the value of the service. The cost of establishing and maintaining the system is raised by taxation.

The streets and public roads, too, are generally built at public expense. But there are other utilities such as water-works, electric light and power works, gas-works, telephone systems, railroads and other transportation systems which may be either publicly or privately owned. The private ownership is usually exercised through a corporation. That this should be so is natural for the reason that stability of management is thereby secured, the element of uncertainty in the matter of the life of the owner being eliminated.

**Quasi-public Character of Public Utilities.** — While the public service corporation is subject to the same general laws which