

aggregate valuation must be determinative of whether or not the utility may increase its capitalization, or may make other and further bond issues.

*Indeterminate Permits.*—Space is lacking for more than a hasty sketch of further features of the operation of these laws establishing commissions. But we ought to speak of the provisions for indeterminate permits. In Wisconsin, for example, the law provides, sec. 1797 m, Ch. 499-1907, that every franchise or license thereafter granted shall be in the form of an indeterminate permit. This amounts to a perpetual franchise so long as the conditions enjoined by the state and the rules of the commission are complied with. The law provides that utilities operating under a franchise, may surrender these for indeterminate permits. There are many details in this law, which I may not mention, but one provision is that the municipality may take over the utility at any time on paying the appraised valuation.

To the utility company there are obvious advantages in this arrangement. Thus it has freedom from competition. It has a perpetual franchise. It cannot be "sandbagged" by corrupt legislative bodies when renewals of the franchises become necessary, or when extensions must be made. The securities are placed on a plane of stability comparable to municipal bonds. On the part of the public too, there are no less desirable features. The permit may be revoked on bad behaviour. The utility may be acquired by the municipality whenever such acquisition may be desired.

It is interesting to note that while the utility companies in Wisconsin generally admitted the desirability of indeterminate permits, only a few surrendered their franchises in order to obtain them, and the reason for this was because of the fear that such surrender might operate as a matter of law to lessen the security of the bonds. Therefore, last winter, the Wisconsin legislature settled the matter by exercising the power reserved in the constitution to alter or repeal corporate franchises, and amended every franchise, making it an indeterminate permit.