

PROPORTION OF RATES TO BE BORNE BY CITIES AND TOWNS AS COMPARED TO DOMESTIC CONSUMERS*

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HON. SKELTON WILLIAMS, Comptroller of the Currency, in his report to Congress for 1917, goes into detail about the decline in earning capacity of public utility corporations. He speaks of the danger as a national one, in the loss in efficiency of such utilities due to lack of funds to operate plants efficiently on account of the increased cost of material and wages. Mr. Williams urges upon public utility companies and on commissioners in the States the necessity of some action to lessen the danger to war work and industries, many of which are dependent in one way or another upon the service rendered by public utilities.

Great Increase in General Expenses.

In a general way the cost of materials used in operating water plants has, as most of you know, advanced all the way from 150 to 250 per cent. Fuel and wages have advanced 100 per cent. Figures which I quote are taken from the records of companies in which I am interested, and in all of which we have either increased or asked for

an increase in the water rates. First, I would call your attention to an item which can hardly be considered under either materials or wages, and yet which has added greatly to the operating expense of many companies. I refer to taxes. In one Massachusetts company eight or nine years ago we were paying to the town in taxes 50 per cent. less than we were receiving from them in

hydrant rental. Last year we paid them \$1,300 more in taxes than we received from them in hydrant rental, that is, the amount paid to them was 30 per cent. more than the amount received from them. In another Massachusetts company the taxes have advanced 43 per cent. in the last five years.

Operating costs in both of the above-mentioned companies have advanced during the last year in percentage varying from 50 to 80 per cent.

Where oil is used as fuel the increase is between 50 and 60 per cent.

Where coal is used the increase is about 80 per cent.

Wages of pumping station have advanced from 30 to 45 per cent.

Wages of engineers have advanced 50 per cent. Day laborers have advanced 60 per cent. over 1917, which showed at least 30 or 40 per cent. advance over previous years.

Companies which two or three, or even one year ago, were earning an average of 8.8 per cent. on the capital stock are to-day earning 6.3 per cent. Companies which were earning a year ago an average of 4½ per cent. on the capital stock are to-day earning a little less than 2 per cent. on the capital stock.

Certain Maine water companies in which I am interested, and in which we have asked for an increase of rates, were built very shortly before the European war, and were unable to more than pay their operating

costs. With the steadily mounting cost of labor and material these companies are now unable to meet even the operating costs.

One of these Maine towns is a very good example of one of the reasons why a town or municipality should pay more for hydrant rental than has been customary in the past. The town is small and not compact, and many pipe lines are in streets where there are numbers of vacant lots. Now these lots have increased in value

Bloor Street Viaduct, Toronto

*One of the Largest Viaducts in the British Empire,
designed and carried out under the supervision of
Officials of Toronto's Department of Works.*

*Work was divided into three sections, totaling 5267 lin. ft.
Don Section, 2219 feet; Rosedale Section, 1484 feet;
Bloor Section, 1564 feet.*

Estimated Cost, \$2,500,000

Total width, 86 feet.

*General contract for Don Section was let to Quinlan &
Robertson, Limited., Montreal, December, 1914.*

*Sub-contract for steel work let to Hamilton
Bridge Works Co., Limited.*

*General contract for Rosedale Section let to Dominion
Bridge Co., Limited, March, 1915. Sub-contract
for excavation and concrete work let to
Raymond Construction Co., Limited.*

Bloor Section, a fill proposition, carried out departmentally.

Quantities of materials include:—

*Earth excavation, 80,000 cubic yards; Rock excavation,
1,000 cubic yards; Concrete, 60,000 cubic yards;
Concrete reinforcing, 1,500,000 lbs.; Various
structural metals, 14,200,000 lbs.*

Opened to the Public, October 18th, 1918.

*Abstracted from address delivered before the meeting of the New England Water Works' Association.