

Public Ownership of Telephones

House Roll No. 3.—A bill for an act to provide for the establishment, maintenance, extension and operation of public telephone systems, and declaring an emergency. Introduced by Representative Fuller and passed by the lower house of the Nebraska legislature.

Be it enacted by the people of the state of Nebraska:

Section 1. Power and authority is hereby granted and bestowed upon the various counties of this state to establish public telephone systems within the respective counties according to the provisions of this act.

Section 2. For the purpose of establishing such county telephone systems, the county boards having the general power to levy taxes for county purposes throughout the state are empowered and authorized to cause a tax of not more than two (2) mills on the dollar of the assessed valuation of said county to be levied and collected for the purpose of establishing or assisting in establishing a public telephone system for any county within this state. Provided that the county board shall submit the question of such levy to the electors at a general or special election when a petition is filed with the clerk of said board signed by at least ten per cent of the electors of the county and if carried by a majority vote of all electors cast at said election the board shall make the levy aforesaid.

Section 3. When the amount of revenue which such a tax would produce in any one year shall be insufficient to establish such public telephone system, the county board of supervisors or county commissioners of any county shall, upon petition of 10 per cent of the electors of the county praying therefor, issue the bonds of said county to an amount not to exceed 2½ per cent of the total assessed valuation of said county, and bearing not to exceed 6 per cent interest and payable in not to exceed 20 years, but with an option on the part of the county that same may be paid at any time within five years from date, provided however that before such bonds shall be issued the question of issuing the same shall be submitted to a vote of the electors of said county at a general or special election, and be authorized by a majority vote of the electors voting at such election, and such bond issue and all matters concerned therewith shall be governed in all respects, except where in conflict with this present act, by the provisions of law for the issuance of bonds by counties for the purpose of internal improvement, and when so issued shall be deemed regular and valid in all respects. And when such bonds are so issued the said boards shall provide for the levy and collection of a tax annually sufficient to pay the interest thereon, and for a tax to provide a sinking fund for the payment of said bonds as they mature.

Section 4. The county commissioners or board of supervisors shall provide by resolution for the establishment of such telephone system, and all contracts for the construction of the same, or any part thereof, shall be by competitive bid and upon twenty days notice by publication in some newspaper of general circulation published in said county. Provided that said boards may reject any and all bids and cause the work of construction to be performed under their supervision.

Section 5. Such board shall further provide for the proper organization, regulation, maintenance and extension of such telephone system and shall be authorized, if necessary, to levy a tax of not to exceed 1 mill on the dollar upon the taxable property of said county for the purpose of maintaining and extending the same.

Section 6. They shall further provide for the employment of a telephone chief, who shall be hired by contract with the county board for a term of not to exceed five years, and shall give bond to the county in the penal sum of at least \$5,000 and not more than twice the value of the said system, as may be determined by the said board, which bond shall be approved by said board and filed before such contract is consummated, and shall be conditioned for the faithful performance of all duties, and the proper accounting and payment of all moneys; and to the said telephone chief shall be committed under the direction of the said county board, the full control and operation of said telephone system. The county board may, upon recommendation of said telephone chief, employ such assistants as may be required, the number and compensation thereof to be de-

termined by the county board. The said telephone chief and such assistants shall be paid by the county by warrant out of the telephone fund hereinafter referred to, the compensation fixed by the county board for them respectively, provided that they nor any of them shall never be paid any sum out of any other fund for their services or otherwise, except that the compensation of the telephone chief may be wholly or partly paid out of the county general fund, during the construction of said system or for the period of one year thereafter, providing sufficient funds are not available in said telephone fund for that purpose.

Sec. 7. The county board shall provide by resolution which shall be published with their regular proceedings for the rates and tolls to be charged each subscriber to said system for the use of said system within said county, provided that in their discretion they may provide rates and tolls for the use of the entire county system, and may also, in case more than one local exchange is established, provide charges and tolls for the use of the telephones connected to the various exchanges. In providing such charges and tolls the same shall, so far as may be, be based upon the actual cost of service, including operation expenses, salaries, maintenance of property and the like, and after the deduction from the gross income of a reasonable percentage for depreciation of property, and for necessary extension work; the intention being that the system shall be operated as nearly as may be for actual cost of service, but shall be self-sustaining and self-perpetuating. The said charges and tolls shall be collected by said telephone chief and by him paid over monthly into the county treasurer's office into a fund to be known as the county telephone fund, in which shall also be included the funds, if any, derived from the above mentioned maintenance and extension tax.

Section 8. The power to establish public telephone systems as provided for by this act, shall include the right to purchase from any company, association, corporation, or individual the whole or any part of any system already established, provided that before the avails of any bond issue can be used for that purpose, the question of such purchase must be submitted to and approved by a vote of a majority of the electors voting at a general or special election of the county, called for that purpose, and the notice therefor must state the purchase price at which it is proposed to buy such system or part of system, which notice shall be published for thirty days in some newspaper of general circulation in the county.

Section 9. For the purpose of carrying out the provisions of this act, the right of eminent domain is granted to the various counties to condemn any and all private property necessary, but only on just compensation to the owner thereof, to be determined in the same manner as now provided by law for the condemnation of private property by counties, under that right.

Section 10. Any county maintaining and operating a county telephone system as herein provided shall also have power, through its county board, to enter into yearly contracts with other counties and municipalities owning and operating telephone systems, and also with persons, firms and corporations operating telephone systems for physical connection with such other telephone systems for the interchange of telephone service and the transmission of telephone messages to points beyond the county line of such county, and from points without to points within such county, and for the transmission of messages from points without such county over its phone wires to other points beyond the boundaries of such county, with full power to fix and agree upon toll rates for such inter-county service.

Section 11. All acts and parts of acts, all and singular, in conflict herewith, are hereby repealed.

Section 12. Whereas an emergency exists, this act shall take effect and be in force from and after its passage and approval.

House Roll No. 21.—A bill introduced and read first time January 14, 1913. Read second time January 16, 1913. Referred to committee on telegraph, telephone and electric companies January 16, 1913. Sent to printer January 16, 1913. Introduced by Fuller for an act to provide for transfer facilities, and physical connection between telephone exchanges, deter-

mining how the expenses thereof shall be paid, fixing the penalty for the violation of the provisions of this act, and empowering the state railway commission to enforce the same.

Be it enacted by the people of the state of Nebraska:

Section 1. All telephone companies in this state, in every city, town or village, where there are two or more exchanges, shall, within six (6) months after this act takes effect, make physical connections between all such exchanges, providing thereby a reasonable, ample and equal transfer facilities for telephonic connection between such exchanges, and between all patrons of the telephone line or lines of such telephone company or companies. No telephone company shall discriminate in the rates or charges for telephone service between connecting lines, nor shall any telephone company decline or refuse to receive or transmit any message received or offered from any connecting line. Each connecting line shall pay its proportionate share of the costs of making and maintaining such physical connection between exchanges, that may be necessary to furnish the transfer facilities required by this act, and in case the telephone companies are unable to agree on the amount each shall pay for the expense of making such physical telephone connection, the amount shall, upon application of either party, be determined by the state railway commission, provided the right to appeal from the decision of such commission is granted to the district court of the county in which the state capitol is located. Such appeal shall in all respects be regulated by the provisions of law for appeal in civil actions, so far as the same are applicable, and said appeals shall be tried de novo.

Section 2. The state railway commission is hereby authorized, empowered and directed to investigate all cases arising under this act, whether upon complaint or otherwise, and make such order in the premises as shall seem just and reasonable.

Section 3. Any telephone company or manager thereof, failing or neglecting to comply with the provisions of this act, or who shall violate any of the provisions of this act, shall, for each offense, upon conviction thereof, be fined in any sum not less than \$100, nor more than \$500.

Section 4. Whereas an emergency exists, this act shall be in force from and after its passage and approval, according to law.

THE NEBRASKA PUBLIC AND THE TELEPHONE

An argument for House Roll No. 3 and House Roll No. 21. By Representative George W. Fuller of Seward.

The question of public ownership of natural monopolies has passed from fancy to fact, from the theory of the socialist to the realization of the practical public man. There is no question in the mind of any sane man that a private business even in a natural monopoly is more economically conducted and more efficient by a large percentage than a public enterprise, because the public's business is never so well cared for as the individual's. That, however, is neither here nor there. If the private business is oppressive to the public and the rates and tolls charged extortionate, then the public must assume management of it.

Some say let us have regulation. Well, my friends, we have had regulation and are now having it. Many people feel that regulation has so far been a failure and will continue so to be. The intricacies of the business sought to be regulated, the opportunities that exist for padding the value of equipment and fixtures and the like, and difficulty of getting at the exact and legitimate expenses, the large salaries paid to the executive heads, the duplications of lines, all these make the work of a regulatory body a herculean task. Practically the regulatory body must know as much about the business as the officers who run it, if it is to be effective. To cast on three mortal men the burden of regulating the public service corporations of even an undeveloped state like Nebraska is to overwhelm them.

These facts were brought home to the people of the city of Seward, when the Lincoln Telegraph and Telephone company recently acquired control of both the Bell and the Independent companies in that city. The Independent had operated for ten years and still it had been able to furnish at a moderate cost a county right, that is a free toll rate over the county to all its subscribers. This the Lincoln company refused to do. It maintained the Independent switchboard but persuaded as many as it could to cut over to the old Bell switchboard thus