

## **“THE OBLIGATIONS OF MONOPOLY MUST BE ACCEPTED”**

**Samuel Insull, 1910**

*Samuel Insull, speech made on January 7, 1910, at a dinner at the Congress Hotel, Chicago, following the first convention of H. M. Byllesby & Company and affiliated companies. The report of Mr. Insull's speech was slightly condensed in its 1915 publication, and it has been excerpted for brevity.*

I think it was some twelve years ago that I first tried to voice the idea that our business is a natural monopoly and that we must accept, with that advantage, the obligation which naturally follows, namely, regulation.

For my own part, I cannot see how we can expect to obtain from the communities in which we operate, or from the state having control over those communities, certain privileges so far as a monopoly is concerned, and at the same time contend against regulation. Further, I think that regulation of the price of our product must be followed by regulation as to the issuance of securities, because our price must depend upon the fixed charges we have to pay; and I cannot see how those fixed charges can be kept down within proper limits unless the authorities, in some way, either the community or the state, have the right to state the terms on which these securities shall be issued.

<omitted text>

I think the best course we can pursue, if we want to help the properties in which we are interested, is to find the protection we want in the way of monopoly, giving way to the demand of regulation, but demanding in return a fair regulation and a fair valuation,

which I believe we can get if we show to the people the value of the brains we have put into the business, which brains we have as much right to capitalize as the actual cash put in. As far as I have been able to find, companies operating in states where there is regulation, such as Wisconsin and New York, which are two of the most recent examples where there is a state-regulation law-I say, so far as I have been able to find, the companies who have had to appeal to those state commissioners have enhanced the securities of the properties which they have outstanding, provided those securities recommend themselves as reasonable in amount.

### THE WAY TO BUILD UP THE BUSINESS

I thought it might be interesting to some of you people to know what we are doing here in Chicago in the development of our business. It was only as recently as 1888 that the first central station was started here in Chicago. In 1892 we had 4,000 horse-power, with a capital investment of, \$1,000,000, and a gross business of \$875,000 a year. At the present time, we have power stations with 300,000 horse-power, and a capital investment of \$60,000,000 in our business, as shown by a valuation made by my friend, Mr. Byllesby. Our total business is more than \$12,000,000 a year. We supply energy to all the street railways. We cover a territory of 65 miles along the shore of Lake Michigan and stretching inland for 2,500 square miles, an area double that of Rhode Island, and having a population as great as the state of New Jersey or the state of Wisconsin. We are aiming here, through three different companies co-operating together, for a centralization or production of electrical energy, and look forward to covering a territory having a population of five million within our distribution area and supplied by one set of generating plants.

As I look around this room and see the names on the various flags representing the various communities in which H. M. Byllesby & Company are operating, naturally the thought occurs to me what are the possibilities surrounding the territory in which you now do business? There is no reason why you should not do relatively in the smaller communities exactly what we do in this large community and the territory surrounding it.

The surest way to build up your business and to serve your community - and you can only serve it satisfactorily if you reduce your rates to a minimum - the surest way you can add to the stability of the local companies that go to make up the strength of H. M. Byllesby & Company is to do everything you can to bring down the cost of production in your generating stations and so to serve the public as to obtain and retain its good will. Do not run counter to the prejudices and opinions of the people, and keep out of politics all you possibly can.