

revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock. . . . By that standard the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.”¹⁹⁰

Regulation of Public Utilities and Common Carriers

In General.—Because of the nature of the business they carry on and the public’s interest in it, public utilities and common carriers are subject to state regulation, whether exerted directly by legislatures or under authority delegated to administrative bodies.¹⁹¹ But because the property of these entities remains under the full protection of the Constitution, it follows that due process is violated when the state regulates in a manner that infringes the right of ownership in what the Court considers to be an “arbitrary” or “unreasonable” way.¹⁹² Thus, when a street railway company lost its franchise, the city could not simply take possession of its equipment,¹⁹³ although it could subject the company to the alternative of accepting an inadequate price for its property or of ceasing operations and removing its property from the streets.¹⁹⁴ Likewise, a city wanting to establish a lighting system of its own may not remove, without compensation, the fixtures of a lighting company already occupying the streets under a franchise,¹⁹⁵ although a city may compete with a company that has no exclusive charter.¹⁹⁶ However, a municipal ordinance that demanded, as a condition for placing poles and conduits in city streets, that a telegraph company carry the

¹⁹⁰ *FPC v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944) (citing *Chicago & Grand Trunk Ry. v. Wellman*, 143 U.S. 339, 345–46 (1892); and *Missouri ex rel. Southwestern Bell Tel. Co. v. Public Serv. Comm’n*, 262 U.S. 276, 291 (1923)).

¹⁹¹ *Atlantic Coast Line R.R. v. Corporation Comm’n*, 206 U.S. 1, 19 (1907) (citing *Chicago, B. & Q. R.R. v. Iowa*, 94 U.S. 155 (1877)). See also *Prentis v. Atlantic Coast Line Co.*, 211 U.S. 210 (1908); *Denver & R.G. R.R. v. Denver*, 250 U.S. 241 (1919).

¹⁹² *Chicago & G.T. Ry. v. Wellman*, 143 U.S. 339, 344 (1892); *Mississippi R.R. Comm’n v. Mobile & Ohio R.R.*, 244 U.S. 388, 391 (1917). See also *Missouri Pacific Ry. v. Nebraska*, 217 U.S. 196 (1910); *Nashville, C. & St. L. Ry. v. Walters*, 294 U.S. 405, 415 (1935).

¹⁹³ *Cleveland Electric Ry. v. Cleveland*, 204 U.S. 116 (1907).

¹⁹⁴ *Detroit United Ry. v. Detroit*, 255 U.S. 171 (1921). See also *Denver v. New York Trust Co.*, 229 U.S. 123 (1913).

¹⁹⁵ *Los Angeles v. Los Angeles Gas Corp.*, 251 U.S. 32 (1919).

¹⁹⁶ *Newburyport Water Co. v. City of Newburyport*, 193 U.S. 561 (1904). See also *Skaneateles Water Co. v. Village of Skaneateles*, 184 U.S. 354 (1902); *Helena Water Works Co. v. Helena*, 195 U.S. 383 (1904); *Madera Water Works v. City of Madera*, 228 U.S. 454 (1913).