

lic service corporations, whose corporate securities, as a rule, bear no relation either to the actual investment in, or present value of, such plants. . . . In fact, the capital stock of a public service corporation often represents little more, if anything, than the capitalization of an image of the vivid imagination of some not overscrupulous promotor."

These securities having been issued, there must be considered on the one hand, the investors in the stocks and bonds who feel that they are entitled to a fair return on the prices they have paid for these securities, and on the other hand the public, which must bear the burden of the exacted income, whether it be reasonable or excessive. The only basis on which charges can be figured, of course, is the value of the property—the size of the investment.

It will be observed that in the valuation of the property, the law forbids that any value shall be given to the franchise other than such amount, if any, as shall actually have been paid for it. Under the further provisions of the law, the commission must inventory and appraise all of the physical property. This appraisal is taken with the greatest care and in great detail. To the sum total shewn as the correct valuation, must be added certain items. Thus the valuation must be taken as on a *going* concern. If the business were to end, it is conceivable that the machinery, rolling stock, etc., would only have the value that they would bring under the hammer. But if the plant is to continue in business, then the owners must figure on receiving a fair rate of interest on the sum which represents the expenditures which they made in the development period of the business, the depreciation that could not be protected because the income was not sufficient in that period, the interest on the investment unpaid, while the business was being fairly launched, the taxes, insurance, discounts on bond issues and all the initial expenses that have legitimately and necessarily gone into the business, and which must be recognized equally with the tangible, existing property. On the final aggregate valuation, the company must be permitted to earn a fair return. And this