

File No. 7383 Continued.

CORRESPONDENCE.

5567

for depreciation, leaving a net valuation of \$150,000.00. The company claims \$206,000.00 as shown by their itemized list.

2. As to the machinery. Mr. Rick presented two estimates, one made by Mr. Hooper of \$280,000.00, and the other made by the company's superintendent of \$250,000.00. The only way in which we could determine whether these estimates are fair or not would be by getting an expert to make a valuation. In order to save the time and expense that would involve I simply took the superintendent's estimate of \$250,000.00 and cut off \$50,000.00 from it for depreciation, which I understand he did not allow for.

3. As to the power. This is the most difficult to value unless there are some established precedents or court decisions that would determine the basis of valuation. I have nothing in writing to show what the company claims as to power. They have no records covering any period of time as to the flow of the river at the mill, nor have they made any estimate as to the flow. They know or claim from estimates made by competent authorities that it would take about 457 or 458 H. P. to run all the machinery in their mill at one time; but all of the machinery never is run at one time. I have nothing in writing and have been given no definite estimate, although I have asked for it, as to the proportion of the machinery that is run at one time or the horse power it would take to operate the mill with the machinery running under average conditions.

They say that they have always had plenty of water power to operate the mill at all times, but this is not necessarily an indication as to the amount of dependable water power they should be compensated for because they have undoubtedly added machinery from time to time. About three or four years ago they put in new machinery to the value of \$100,000.00 they claim, but since then the flow of the river has been way above the average. Also during one of the two most recent dry periods of dry years, in 1900, they could not use their water power because of a break in the dam; and during the other, in 1904, the mill was shut down for repairs. So they do not know whether they could have obtained enough water power on those occasions or not. They have a steam plant at the mill which they say has a capacity of 320 H. P., as to which our mechanical engineer agrees. They can claim, however, that the steam plant is only auxiliary to the water power and not intended