

be current or comparatively recent prices and the general conditions as they exist at the time of the appraisal. Such reproduction cost will include appreciation whether the same be enhanced value of real estate or increased cost of construction due to higher wages and higher prices of materials, or due to other conditions at variance with those which prevailed when the work was first done. Such appreciation comes up for consideration in the case of a pipe line which was laid before the street was paved but which is to be appraised after the street has been paved. The cost of reproduction in this case includes the cost of cutting through and replacing the pavement. This cost of reproduction may be some indication of present value but it is not a good measure of the investment, and at its best will be more or less unsatisfactory as a method of approximating the amount on which interest should be earned. Or a pipe which is to be valued may have been laid along an ungraded street. It may have been laid in a temporary trench to be deepened when the street was graded or it may have been placed in a deep trench. The cost of reproduction, if estimated after the street has been graded, will again fail to indicate correctly the amount invested in the pipe and is not entirely satisfactory because the first cost of a deep trench or the lowering of the pipe during the work of grading were legitimate expenditures which the owner of the public utility, if he had been an agent of the rate-payer, would have been justified in incurring. Such considerations as these show how unsatisfactory any close adherence to the cost of reproduction may be and they show, too, that a wide latitude is sometimes allowable when the legitimate investment is approximated by estimating the cost of reproduction. Furthermore, this method can hardly be applied satisfactorily without adopting some definite rule in the matter of valuing real estate. Suppose the rule to be that real estate and all other property be appraised on the assumption of present day cost of acquisition and construction, disregarding low original cost, donations and all other factors and conditions that may have prevailed at the time of construction and that may have kept cost