

a public utility earning 12 to 15 percent or 20 percent on capital investment in the recent past. Does it take this into consideration in making this adjudication?

Dr. RE. In making its determination as to value, the Commission considers every single fact that is brought before it. Indeed, the Commission is most liberal in the acceptance of testimony and evidence.

I would like to read, if I may, in answer to your question, sir, the specific phraseology of the Cuban bill which would be relevant, and is found in section 503.

That section states specifically that in making the determination with respect to validity and amount of the claims and value of properties, rights or interests taken, the Commission shall take into account the basis of valuation most appropriate to the property and equitable to the claimant, including, but not limited to, fair market value, book value, going concern value or cost of replacement.

Mr. CAMERON. In the case of a corporate entity it is quite likely that the value placed upon the property would be substantially more than—assuming it was a successful business—would be substantially more than its book value?

Dr. RE. It might be more than the book value because other factors would also be considered.

Mr. CAMERON. There is the answer, Mr. Broomfield, the Internal Revenue Service is letting them write it off but they say their losses were greater than that. This could be a tax loss. I am saying that could be the immediate benefit. It could be the result of this—

Mr. BROOMFIELD. Mr. Sprague probably doesn't agree with this.

Mr. ZABLOCKI. Are there any other questions of Dr. Re and Mr. Kearney?

Dr. RE. Thank you very much, Mr. Chairman. It has been a pleasure to have appeared before you.

Mr. ZABLOCKI. We will now hear Mr. Kenneth B. Sprague, vice president for finance of American & Foreign Power Co., Inc. With Mr. Sprague is Mr. Wendell Lund. Mr. Lund, if you desire you may sit at the table as well.

Mr. Sprague.

STATEMENT OF KENNETH B. SPRAGUE, VICE PRESIDENT OF AMERICAN & FOREIGN POWER CO., INC.

Mr. SPRAGUE. Mr. Chairman and distinguished members of the committee, my name is Kenneth B. Sprague and I am a vice president of American & Foreign Power Co., Inc. I am grateful for this opportunity to appear here today on behalf of American & Foreign Power to express strong support for S. 3675.

American & Foreign Power owns a majority interest in Shanghai Power Co., the leading electric power company in Shanghai, China, until December 1950 when the Chinese Communist regime confiscated its properties, as well as the properties of its subsidiary, Western District Power Co., in Shanghai. Over 80 percent of the common stock of Shanghai Power Co. is owned, directly or indirectly, by nationals of the United States, including American & Foreign Power.

Before specifying the reasons for our support of S. 3675, I would like to indicate very briefly the nature of Shanghai Power Co. and the relevancy of the loss of its properties to the proposed bill.