

as to procedure with reference to rehearings and appeals, and common sense, too, suggests that the jurisdiction of inferior tribunals must end some time. The power of the Commission is clearly exhausted under the pleadings as they appear on the record.

True, the Commission may reopen the case now or at any other time, but it must be upon cause shown, and true it is also, that the Commission may of its own motion institute an investigation *de novo*. But the subject is not presented in that aspect, and having in mind the admonition of the Commission to the respondents in its last deliverance upon the subject, viz: on May 20th, 1915, and that a reasonable time should be allowed the carriers to consider what was there said by the Commission; this and other prudential considerations not now necessary to enumerate, restrain the Commission from immediate consideration of the subject of its own motion.

ORDER.

The application having been duly presented and considered, and the Commission having on the date hereof made and filed of record a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

Now, June 16th, 1915, it is ordered: That the petition dated May 26th, 1915, for a rehearing upon two complaints dated December 14th, 1914, be, and the same is hereby, dismissed.

COMPLAINT DOCKET No. 950.

(Pennsylvania State Railroad Commission.)

THE CITY OF PHILADELPHIA,
HARRY E. BELLIS, ET AL.,

vs.

THE PHILADELPHIA & READING RAILWAY COMPANY,
ET AL.

Decided December 18, 1914.

Ward W. Pierson and Harold S. Shertz, Representing the Complainants.

George Stuart Patterson, Representing the Pennsylvania Railroad Company.

Charles Heebner, Representing the Philadelphia & Reading Railway Company.

Jackson E. Reynolds, Representing the Central Railroad Company of New Jersey.

R. W. Barrett, Representing the Lehigh Valley Railroad Company.

A. L. Saeger, Representing the Delaware, Lackawanna and Western Railroad Company.

REPORT OF THE COMMISSION.

PENNYPACKER, Commissioner:

This is a case of grave importance, affecting upon the one hand, the cost of the supply of a necessity to the inhabitants of the chief city of the State, and upon the other, the earnings of important lines of transportation which have done much to advance the growth and development of the interests of that city. The Complainants are Harry E. Bellis, as an individual; the Kensington Board of Trade; the Northwest Business Men's Association, the Cohocksink Business Men's Association, the Fortieth and Market Streets Business Men's Association, all of them being organizations or persons residing in or associated with the City of Philadelphia, and the City of Philadelphia itself, as a municipality.

The Respondents are the Philadelphia and Reading Railway Company, the Pennsylvania Railroad Company, the Central Railroad Company of New Jersey, the Lehigh Valley Railroad Company and the Delaware, Lackawanna and Western Railroad Company.

The substance of the complaints is that the existing rates of freight charged for the transportation of anthracite coal from the various districts in which the coal is mined to the City of Philadelphia are unreasonably high, and are preferential, prejudicial and discriminatory. The anthracite coal deposits of the United States are almost exclusively within the State of Pennsylvania, and are included within a territory comprising four hundred and ninety-six square miles. For purposes of mining and transportation, this territory is divided into three districts, designated as the Schuylkill, Lehigh, and Wyoming regions or districts.

(a) The rates upon anthracite coal, which is transported by direct routes from the Schuylkill District to Philadelphia and consigned for local delivery there, are the same upon both the Pennsylvania Railroad and the Philadelphia and Reading Railway, and are as follows, per gross ton of 2,240 pounds:

For prepared sizes,	\$1.70
For Pea Coal,	1.40
For sizes less than Pea,	1.25

(b) The Philadelphia and Reading Railway Company transports anthracite coal from the Lehigh Region to Philadelphia for local delivery, by arrangement with the Central Railroad Company of New Jersey and the Lehigh Valley Railroad Company. The totals of the proportional rates so charged upon the gross ton are as follows:

For prepared sizes,	\$1.86
For Pea Coal,	1.56
For sizes less than Pea,	1.41

(c) The Philadelphia and Reading Railway Company also transports anthracite coal from the Wyoming Region to Philadelphia for local delivery by arrangement with the Lehigh Valley Railroad Company and the Central Railroad Company of New Jersey, under the terms of which the rates charged are divided proportionally between them. The totals of the proportional rates so charged upon the gross ton are as follows:

For prepared sizes,	\$2.10
For Pea Coal,	1.73
For sizes less than Pea,	1.54

(d) The Pennsylvania Railroad Company transports anthracite coal from the Lehigh Region to Philadelphia for local delivery by arrangement with the Lehigh Valley Railroad Company and the Central Railroad Company of New Jersey. The rates per gross ton are as follows:

For prepared sizes,	\$1.75
For Pea Coal,	1.45
For sizes less than Pea,	1.30

(e) The Pennsylvania Railroad Company transports anthracite coal from the Wyoming Region to Philadelphia for local delivery, either over its own lines or by arrangement with the Lehigh Valley Railroad Company, the Central Railroad Company of New Jersey, the Delaware, Lackawanna and Western Railroad Company or the Delaware and Hudson Company. The rates in each instance are upon the gross ton as follows:

For prepared sizes,	\$1.80
For Pea Coal,	1.50
For sizes less than Pea,	1.35

From 1900 to 1912, inclusive, the total tonnage of anthracite coal transported by the Philadelphia and Reading Railway Company ran from 7,932,891 tons in 1903 to 13,537,464.02 tons in 1908, and such tonnage in 1912 was 11,224,945.01 tons. Any change in the rates for transportation would affect about forty per cent. of this tonnage.

During the years from 1907 to 1912, the anthracite coal transported by the Pennsylvania Railroad Company to Philadelphia for local delivery ran in tonnage from 1,249,383 tons in 1908, to 1,582,085 tons in 1911.

The average distance over which each ton of anthracite coal is transported from the Schuylkill Region to Philadelphia by the Philadelphia and Reading Railway Company, is one hundred and twenty-one miles. The average distance over which each ton is transported by the Pennsylvania Railroad Company from the Schuylkill, Lehigh, and Wyoming Regions to Philadelphia is one hundred and eighty-eight and six-tenths miles; or more in detail, the average distance from the Schuylkill Region is one hundred and sixty-three and five tenths miles, from the Lehigh Region one hundred and sixty-six and six-tenths miles, and from the Wyoming Region two hundred and twenty-two and four-tenths miles.

It has been found, and the finding has been sustained by the Supreme Court of the United States in a recent case, that the Reading Company, from which the Philadelphia and Reading Railway Company leases its equipment, owns or controls forty-four per cent., the Lehigh Valley Railroad Company, sixteen and eighty-seven-hundredths per cent., the Delaware, Lackawanna and Western Railroad Company, six and fifty-eight-hundredths per cent., and the Central Railroad Company of New Jersey, nineteen per cent., or altogether eighty-six and forty-five-hundredths per cent. of all the unmined anthracite coal.

In addition to this large percentage, it appears from the testimony of Morris Williams in the present case, the President of the Susquehanna Coal Company, that he looked after the management of the coal companies for the Pennsylvania Railroad Company, that this transportation company owned all of the stock (\$2,136,000.00) of the Susquehanna Coal Company except a few shares necessary to qualify the Board of Directors, that it held a debenture bond of the coal company for \$6,000,000.00, that the stock of the Mineral Railroad and Mining Company was owned one-third by the Pennsylvania Railroad Company and two-thirds by the Northern Central Railroad Company, that the stock of the Summit Branch Mining Company was owned by the Pennsylvania Railroad Company, that the Susquehanna Coal Company owned twelve coal mines and three washeries, that the Mineral Railroad and Mining Company owned six mines and one washery, and that the Summit Branch Mining Company owned two mines and two washeries, and that these companies bought the coal produced by other independent mining companies under a general contract, one of the terms of which was that the producing companies should receive sixty-five per cent. of the price of the prepared coal. These facts, showing in some instances own-

ership, and in others control of the production of anthracite coal, are important to be borne in mind when the question of the effect of competition comes to be considered. It is also a fact of some importance for the proper determination of the matters before the Commission that the railroad companies which are the respondents furnish practically the only means by which anthracite coal may be transported to Philadelphia.

The Schuylkill Navigation Company, with its canal following the course of the Schuylkill River, for many years and with its supply of boats furnished such means of transportation, but it was absorbed and is now controlled by the Reading Company, and does little or no business of this character.

It is claimed by the complainants, including the City of Philadelphia, which as a municipality used in 1911 one hundred and forty thousand, nine hundred tons of anthracite coal, that the rates above set forth are unreasonably high, and discriminate against the city and the residents within its boundaries. This claim is disputed by the respondents, who deny that the rates as fixed are unreasonable or in any way discriminatory. The question thus raised is one of great complication and difficulty.

The transportation of anthracite coal is a business which has grown to large proportions, and seems to be rapidly increasing in volume. In one important respect, which has to be duly considered, it differs in character from the transportation of most other commodities. The cars in which coal is carried are specially constructed for the purpose, and when they return to the mines from the city where they have been unloaded, they are as a general thing empty, so that they have to traverse the intervening distance twice for one payment of freight. The transportation companies are entitled to establish such rates of freight as will give them a reasonable return for their outlay and upon their necessary investment, and anthracite coal ought to bear its proper proportion of such rates. On the other hand, a great city which lies approximately near to the fields of anthracite coal ought not to be burdened with an undue share of the cost of transportation because of the fact that it is dependent upon this supply for heat and power, and has no other resource for getting it transported.

It is argued by counsel for the Philadelphia and Reading Railway Company that "In the Schuylkill Region, she (Nature) has set these deposits of anthracite deep in the bowels of the earth, and by gigantic convulsions and distortions has so pitched the veins that the mining of anthracite there is a difficult, dangerous, wasteful and precarious business." With these difficulties, great as they may be, we have nothing to do. Miner and mining companies and corporations appear to have been willing to assume them. Whatever

may have happened in the conduct of the business of mining and transporting coal, it is necessary that we should draw a broad line of distinction between the getting of the coal in the bowels of the earth and the bringing of it to the surface, and its subsequent transportation to the market. It is the latter alone which concerns the present inquiry.

There are several series of facts to be deduced from the voluminous testimony which has been presented that are helpful to the Commission in its efforts to reach a correct solution of this troublesome investigation.

At the outset, there is a presumption against the propriety of the continuance of the existing rates. All of those rates have remained as they were established many years ago, some for forty years, some for twenty-four, and the most recent of them for seventeen years. In the meantime all of the surrounding conditions have changed. Larger cars are gathered into longer trains, to be drawn by more powerful engines. From three to four thousand tons are now handled in trains of sixty-five cars each. The volume of traffic has immensely increased. The cost of iron and other material is no longer the same. The price of labor has very much increased. The rates of freight upon all other commodities have been lowered. It is, therefore, apparent that the rates which were applicable to the conditions which existed at a time so remote, if railroad experience proved them to be reasonable at that time, cannot in the nature of things be so now. This presumption does not go to the extent of indicating that they ought to be raised or that they ought to be lowered, but only that they ought to be revised and changed so as to adapt them to present conditions.

We are enabled to get some light upon the question, even if imperfect, from the record of the transactions of the Schuylkill Navigation Company, as they appear in the testimony which has been presented. The canal of this corporation ran from Port Carbon in the Schuylkill Coal Region to Philadelphia. It began the transportation of anthracite coal about the year 1825, and continued down to a comparatively recent period, although of late years the amount of such freight has very much dwindled. At the time of its greatest activity in the year 1859, it transported to Philadelphia 1,272,109 tons of anthracite coal, or about one-tenth of the quantity carried by the Philadelphia and Reading Railway in the year 1908, in which year that railway did its most extensive business in the transportation of that commodity. In some respects it furnishes a satisfactory means of comparison since its entire business was confined to the carrying of anthracite coal, and since the boats which it employed went back from Philadelphia to Port Carbon empty, there being little or no back haul. The coal was taken from the mines to the

boats at Port Carbon for a long time in wagons, and afterward by rail. Prior to 1839 its rate per ton for such transportation was \$1.00 and in that year the rate fell to 90c. In 1842 it was 75c. per ton. In 1845 it fell further to 36c. per ton. In 1849 it advanced to 60c. per ton and in 1850 to 70c. per ton. The corporation was able to meet its fixed charges, pay its operating expenses, and make dividends during a considerable part of the time, these dividends between 1829 and 1842 running from six per cent. to eighteen and a half per cent. The dividend of this company in 1856 was eight per cent. and in 1857 four and a half per cent.

The Commission has had the benefit of the definite ascertainment of some of the elements of the cost of transportation of anthracite coal to Philadelphia upon both the Pennsylvania Railroad and the road of the Philadelphia and Reading Railway, and from each of the districts. The officials and accounting officers of these roads when on the witness stand, all testified in substance, not only that there had never been an ascertainment of this cost, in fixing the rates charged, but gave it as their opinion that it was practically impossible to make such ascertainment. Thereupon the Commission engaged a competent firm of expert accountants of long standing and repute in their profession "to make an examination of the books, records, letters, contracts, papers, and operations of the Pennsylvania Railroad Company and the Philadelphia and Reading Railway Company and ascertain therefrom, and from any and all other sources of pertinent information, what is the cost to each of these companies of the transportation of anthracite coal from the respective mining sections of the eastern part of Pennsylvania to Philadelphia."

These accountants, after making a careful and thorough examination, reported that the distance over which anthracite coal was so transported by the Philadelphia and Reading Railway Company was one hundred and twenty-three miles, and that the cost was per gross ton in cents 44.698

They further reported that by the route from the Schuylkill District over the Shamokin, Susquehanna, and Philadelphia divisions of the Pennsylvania Railroad, by way of Sunbury and Rockville, the distance was one hundred and eighty-seven miles, and the cost per gross ton in cents was. 61.043

That by the route from the Schuylkill District, by way of Millersburg and the Susquehanna division of the Pennsylvania Railroad, the distance was one hundred and fifty-three miles, and the cost per gross ton in cents. 54.378.

That by the route from the Lehigh district to Pottsville, and over the Schuylkill division of the Pennsylvania Railroad, the distance was one hundred and four miles, and the cost per gross ton in cents 60.613.

That by the route from the Lehigh District to Mount Carbon, and over the Schuylkill division of the Pennsylvania Railroad, the distance was ninety-nine miles, and the cost per gross ton in cents... 60.848.

That by the route from the Wyoming District over the Sunbury division to Sunbury, and thence over the Susquehanna division of the Pennsylvania Railroad, the distance was two hundred and eighteen miles, and the cost per gross ton in cents..... 65.290.

That by the route from the Wyoming District over the Lehigh Valley Railroad and the Schuylkill division of the Pennsylvania Railroad, the distance was one hundred and sixty-five miles, and the cost per gross ton in cents 77.420.

That by the route from the Wyoming and Lehigh Districts over the Pennsylvania Railroad by way of Manunka Chunk and Coalport, the distance was one hundred and three miles, and the cost per gross ton in cents 57.235.

By way of Belvidere and Coalport, the distance was ninety-nine miles, and the cost per gross ton in cents..... 55.587.

By way of Martin's Creek and Coalport, the distance was ninety-three miles, and the cost per gross ton in cents..... 53.114.

By way of Philipsburg Junction and Coalport, the distance was eighty-five miles, and the cost per gross ton in cents..... 49.816

Some of these findings at least are disputed by the respondents, but if this report may be accepted as correct, it appears that while the rate charged from the Schuylkill District is \$1.70 per gross ton by each road, the cost of transportation upon the Reading Railway is 44.698 cents per gross ton, and the cost of such transportation upon the Pennsylvania Railroad from the different regions ranges from 49.816 cents to 77.420 cents per gross ton. This cost was based upon the accounts for the year ending May 31, 1913.

The experts ascertained only the operating costs, and did not enter into the question of a reasonable return upon investments in property, or of interest and the bonded indebtedness. In estimating the cost, however, they took into consideration the maintenance of way and structures, of equipment, traffic expenses, the transportation expenses, and the general expenses, and these in their subdivisions included the details of wear and tear, depreciation, and obsolescence, the payments for superintendence, injuries to persons, and stationery and printing, for the roadway, bridges and tunnels, for signals, telegraph and telephone lines, for locomotives and cars, wages of employees, fuel and lubricants, and for insurance, law and taxes. While, therefore, this report does not furnish a complete ascertainment of the cost, since it omits what ought to be allowed for return upon the investment, it does furnish certain elements of that cost with definiteness which are of importance in the determination of the question as to what would be a reasonable rate.

There is some light, though perhaps meagre, to be gathered from the rates charged by these and other railroads for the transportation of bituminous coal. This product differs from anthracite in its chemical and physical composition, and in the uses to which it is applied, but nevertheless it is dug from the earth in pretty much the same way, hauled to the market in similar cars, and is used in various ways for the generation of heat. In method and cost of transportation, it furnishes probably a reasonably close parallel. Bellis, a witness for the complainant, testified that from tariffs he examined in the office of the Pennsylvania Railroad Company he found that that company hauled bituminous coal from the Clearfield Region to Philadelphia at the rate of 4.77 mills per ton per mile, there to be dumped on vessels; from the Greensburg District, at the rate of 5.4 mills per ton per mile for local delivery; and that the same railroad hauled bituminous coal from the Clearfield Region to Philadelphia for local delivery at the rate of 6.1 mills per ton per mile. He further testified that the Philadelphia and Reading Railway Company hauled bituminous coal from the Beech Creek District, from Newberry Junction to Port Reading, at the rate of 5.03 mills per ton per mile, which is a tidewater rate, including dumpage; and from the Beech Creek District to Philadelphia for trans-shipment at the rate of 5.46 mills per ton per mile. There was also evidence produced to show that the Chesapeake and Ohio Railroad Company hauls bituminous coal from the Marrow Bone Region in Kentucky to Newport News on the Chesapeake Bay, a distance of six hundred and seventy-three miles, at the rate of 2.53 mills per ton per mile. The freight traffic manager of the Philadelphia and Reading Railway testified that the rate per ton per mile on the transportation of anthracite coal averaged 9.035 mills in 1907, and 8.599 mills in 1912.

Counsel for the Philadelphia and Reading Railway Company offered in evidence a statement showing a comparison through a series of years between the rate per ton per mile in mills on all freight carried upon that railroad, and on anthracite coal carried by it, as follows:

	Anthracite.	All Freight.
1907.....	9.035	7.366
1908.....	8.754	7.090
1909.....	8.919	7.411
1910.....	9.046	7.119
1911.....	8,735	7.038
1912.....	8.599 -	7.021

An even more satisfactory basis of comparison than any of these heretofore discussed is the rate charged for the transportation of that part of the anthracite coal product which is shipped to Philadelphia

over the railroads of the respondents, and is intended for trans-shipment to New York, Boston and other places commercially described as "outside the capes." Upon this coal the rates to Philadelphia upon both the Pennsylvania Railroad and the Philadelphia and Reading Railway are forty cents a ton less than that intended for local delivery. We, therefore, have an illustration of the same kind of coal, gathered at the same points of shipment, carried on the same kind of cars, and sent forward to the same point of destination. The presumption is that the rates charged for this coal, which is shipped to points "outside of the capes," have been found to be compensatory, or after a test of years they would have been discontinued. We are, however, not left to depend entirely upon presumption. John F. Auch, the traffic manager for the Philadelphia and Reading Railway Company, testified:

"Q. This rate of \$1.30 for over piers below capes is a profitable rate, isn't it?"

"A. I think our rates are all reasonably profitable, all the circumstances considered. I will assume that our rates are reasonably profitable, all circumstances considered."

Robert H. Large, the General Coal Freight Agent of the Pennsylvania Railroad Company, testified upon this subject:

"Q. Is it profitable to the Railroad Company?"

"A. Your Honor, that depends upon what you mean by profitable. There is no question that there is much traffic moving over all the railroads that does not bear its proportion, if that can be arrived at, of interest charges on capital, but that does pay the actual cost of transshipping it, and thus assist in reducing the cost of transporting all traffic. * * * Let me put it another way. Not being able to ascertain the cost, I do not know whether it pays or not, but the assumption is that it does."

The explanation of the lesser rate for anthracite coal to Philadelphia intended to be shipped "outside of the capes" is that such diminution of the rate is due to competition in the localities to which it is to be transported. Thus Large testified:

"In order to meet competition of bituminous coal, or anthracite coal reaching the Atlantic Seaboard and other points, your trans-shipment rate must of necessity bear a relation to the trans-shipment rate at other points. For example, the D., L. & W. distance to Hoboken is about 140, 142, 143, 144 miles. Their rate to Hoboken prior to the decision in the Marian case was \$1.58. The rate to Philadelphia must, if any coal is to be moved through Philadelphia, bear such a relation to that rate, as adding up the rate to Philadelphia, the current back freight from the port, we will say to Boston, so that the two will about or as nearly as possible equal the actual rate to New York Harbor, plus the boat rate from New York to Boston."

The witness further said that the fact that the trans-shipment rate is less than the local rate was not peculiar to the anthracite coal traffic, but was general on all traffic. This reasoning, however, is not altogether convincing. In the first place, the transportation of anthracite coal to Philadelphia is not like the transportation of general freight in which most railroads are engaged. It differs in so many features from general transportation as perhaps to require that it be put in a class by itself. Anthracite coal is a bulky commodity, hauled in a special manner, and requiring little or no care in the course of transportation, and not liable to disintegration or destruction. Its source of supply is confined to a comparatively narrow area, and lies approximately close to one of the most populous cities of the country. The necessities of the people require a continuously replenished supply and, therefore, the cars sent to the coal districts are always sure of the freight they are to carry.

In the second place, with respect to this particular situation, the fact of actual competition is at least open to query. It is true that it has become a well settled principle of rate making, that in determining whether or not there has been a discrimination against freight locally delivered, the question of the effect of competition in the through freight, if it exists, is to be given due consideration. It is impossible to follow the evidence in this case without reaching the conclusion that the respondent railroad companies exercise an extended influence over the output and disposition of anthracite coal. As has been heretofore pointed out, the Reading Company and the Pennsylvania Railroad Company, with their affiliated companies, own or control the great bulk of the unmined anthracite coal. The extension of this control is seen in the fact, testified to by numerous witnesses, that many of the coal yards in Philadelphia are owned by these companies. It may also be assumed that, although the evidence is that there is no definite agreement between them as to rates, there is a tacit understanding of some kind which brings them into accord, or the rates upon both roads from the Schuylkill District to Philadelphia, with differing distances, would not have reached precisely the same figures upon all three of the different grades of coal. These facts, to a certain extent at least, weaken the argument based upon the necessity of meeting competition "outside of the capes." There was much testimony given in a general way as to competition between anthracite and bituminous coals, but that evidence was to the effect that such competition was mainly between the bituminous and the sizes of anthracite smaller than Pea. With respect to these sizes, T. B. Koons, the traffic manager of the Central Railroad of New Jersey, testified that they were in the nature of a by-product, the residuum necessarily left in the production of the prepared sizes, which when sold, were regarded as having made an ad-

dition to income, and that in many places they had displaced bituminous because of lesser cost and the nuisance created by the smoke resulting from the burning of bituminous coal.

The dividends declared by the Reading Railway Company upon capital stock of \$20,000,000.00, increased to \$42,481,700.00 in 1912, have been since 1904 as follows:

1904.....	12 per cent.
1905.....	20 per cent.
1906.....	30 per cent.
1907.....	30 per cent.
1908.....	30 per cent.
1909.....	25 per cent.
1910.....	25 per cent.
1911.....	25 per cent.
1912.....	15 per cent.

The principal source of revenue to the Reading Company is derived from the transportation business of the Philadelphia and Reading Railway, and the Philadelphia and Reading Coal and Iron Company appears to add nothing to its income. Of the tonnage of the Railway Company 24.2 per cent. consists of anthracite coal, and Farge tells us that of all the business of the railroads the local traffic, which includes anthracite, is the most profitable.

The Philadelphia and Reading Railway Company presented a statement showing its property, investment, materials and supplies, and cash working assets as of June 30, 1913, as follows:

Road and Equipment.....	\$94,724,974.02
Improvements and Betterments.....	26,482,279.20
Materials and Supplies.....	2,795,844.59
Cash Working Assets.....	3,950,315.92
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	\$127,953,413.73

It appears, however, that this company is in possession of equipment under leases from the Reading Company, and that it pays a rental for the equipment of \$2,253,109.08 per annum.

The problem to be solved is, taking all of the facts and circumstances into consideration, to ascertain what will be a fair and a reasonable rate, giving to the railroads a reasonable return on the moneys they have invested and a reasonable compensation for the services they render, and which will not be unduly burdensome upon the consumer, and will not compel him to pay more than his fair proportion of the expenses of the maintenance of the services and of a reasonable return upon the investment. The Commission ought to bear in mind the fact that the maintenance and proper extension of railroad service is essential to the growth, development, welfare

and convenience of the people of the country, and viewing the subject broadly, may properly take notice of the fact that within the last few years conditions have been such that these public conveniences, having as a general thing struggled through a profitless period of financial stress and difficulty, and attained success, have not been as prosperous as formerly. Their stock is held by people in all classes in the community, who have invested in such securities their savings and accumulations, and these investors are entitled to have their interests fairly treated. It may also be said that no financial operation is likely to thrive which has too much outside direction. On the other hand, the relation of Philadelphia to the anthracite coal deposits presents to us an extremely unusual situation. A city, whose founders locate it upon the banks of a river, may well claim that it is entitled to the benefit of the transportation which the facilities of the river afford. An iron furnace which is near the ore beds, or the lime beds, or the fuel supply, derives an advantage in its trade output because of the fact, and surely the proximity of Philadelphia to the deposits of anthracite coal is a natural advantage of whose benefits she ought not to be deprived. The very purpose which the Commonwealth had in view in granting the rights and privileges contained in the charter of the Philadelphia and Reading Railroad Company was that anthracite coal might be carried to Philadelphia, and the compensations to the State were that her citizens should be so supplied. We may all rejoice that the usefulness of the railroad has been extended to other States and to other activities, but its primary object should not be permitted to be forgotten. Any effort to make Philadelphia pay higher rates because her only means of securing this necessity of life is through the transportation afforded by the respondent roads, and in order that consumers in Boston or New Orleans may get their coal more cheaply, would be a reversal of the natural order of events, and ought not to be permitted.

After a careful consideration of all of the facts, giving due weight to the large amounts invested in this traffic by the respondents, endeavoring to determine what would be a due return upon these investments, and proper compensation for their service, we have reached the conclusion that the experience of the respondents has itself established the measure of what would be a fair and reasonable rate for the transportation of anthracite coal to Philadelphia when that experience established the fact that the rates now charged for such coal shipped "outside the capes" was a profitable charge. We think, therefore, that the rates for the local delivery of coal in Philadelphia as now existing ought to be reduced forty cents a ton, except for sizes less than Pea, and that the rates upon these sizes

should be the same as upon Pea coal. The effect of this reduction will be to put Philadelphia in this respect on an equality with the other cities and ports of the country.

If it be true that the existing rates covering all freights upon the railroads of the country are insufficient to afford them a proper return upon their investments, it is entirely clear that the method of correction should be a general advance in such a manner as to equalize the burdens and to affect alike all interests and all subjects of traffic and transportation. To secure adequate returns by placing unequal burdens upon localities and commodities where it may be possible would be an imperfect and unsatisfactory method which ought not to be tolerated.

In accordance with this conclusion reached, the rates upon anthracite coal sent by direct routes to Philadelphia from the Schuylkill District and consigned for local delivery by the Philadelphia and Reading Railway Company and by the Pennsylvania Railroad Company, will be fixed and determined as follows, per gross ton:

For prepared sizes.....	\$1.30
For Pea Coal.....	1.00
For sizes less than Pea.....	1.00

Upon anthracite coal sent from the Lehigh Region to Philadelphia for local delivery by the Philadelphia and Reading Railway Company, by arrangement with the Central Railroad Company of New Jersey and the Lehigh Valley Railroad Company, as follows, per gross ton:

For prepared sizes.....	\$1.46
For Pea Coal.....	1.16
For sizes less than Pea.....	1.16

Upon anthracite coal sent from the Wyoming Region to Philadelphia for local delivery by the Philadelphia and Reading Railway Company, by arrangement with the Central Railroad Company of New Jersey and Lehigh Valley Railroad Company, as follows, per gross ton:

For prepared sizes.....	\$1.70
For Pea Coal.....	1.33
For sizes less than Pea.....	1.33

Upon anthracite coal sent from the Lehigh Region to Philadelphia by the Pennsylvania Railroad Company, by arrangement with the Lehigh Valley Railroad Company and the Central Railroad Company of New Jersey, as follows, per gross ton:

For prepared sizes.....	\$1.35
For Pea Coal.....	1.05
For sizes less than Pea.....	1.05

Upon anthracite coal sent from the Wyoming Region to Philadelphia for local delivery by the Pennsylvania Railroad Company, either over its own lines or by arrangement with the Lehigh Valley Railroad Company, the Central Railroad Company of New Jersey, the Delaware, Lackawanna and Western Railroad Company, or the Delaware and Hudson Company, as follows, per gross ton:

For prepared sizes.....	\$1.40
For Pea Coal.....	1.10
For sizes less than Pea.....	1.10

A considerable portion of the anthracite coal intended for local delivery in Philadelphia is carried by the respondent companies to certain points upon the Delaware and Schuylkill Rivers and there unloaded upon barges, which transport the coal to the wharves and other places of delivery along these rivers. For this service the barges make a charge of twenty-five cents per ton or other definite sum. The respondents have heretofore so arranged their rates, that these rates together with the barge charges, shall be substantially equal to the charges for local delivery by track service. It is the opinion of the Commission that the rates of delivery upon barges shall be so reduced as to make them, with the added charges of the barges with respect to each class of coal, equal in amount to the rates heretofore designated for local delivery by track service.

An order will be issued accordingly.

ORDER.

And now, to wit, December 18, 1914, this case being at issue upon complaints and answers on file, and being a case pending before and undisposed of by the Pennsylvania State Railroad Commission at the time of the establishment of The Public Service Commission of the Commonwealth of Pennsylvania, under and pursuant to the Public Service Company Law approved July 26th, 1913, and having been duly heard by the Pennsylvania State Railroad Commission, and duly heard and considered by The Public Service Commission of the Commonwealth of Pennsylvania under the provisions of the said Act relating to the unfinished business of the said Pennsylvania State Railroad Commission; and The Public Service Commission of the Commonwealth of Pennsylvania, having, in the report hereto attached and made a part hereof, set forth its findings of fact and conclusions thereon:

It is hereby ordered: That the respondent railroad companies, to wit, the Philadelphia and Reading Railway Company, the Pennsylvania Railroad Company, the Central Railroad Company of New Jersey, the Lehigh Valley Railroad Company, and the Delaware,

Lackawanna and Western Railroad Company, within thirty (30) days from the date of this order, and upon five (5) days' notice to this Commission, by tariffs or supplements to tariffs filed, posted and published as required by law, for the transportation of anthracite coal from the Lehigh, Schuylkill and Wyoming regions to Philadelphia for local delivery by the respondents, the Philadelphia & Reading Railway Company and the Pennsylvania Railroad Company at Philadelphia, shall put into effect the rates which are found and determined and set forth in the attached report of the Commission, as the fair, just and reasonable rates for such transportation, making such adjustments of the now existing rates as may be necessary to carry this order into effect.

COMPLAINT DOCKET No. 156.

SLATE BELT TELEPHONE & TELEGRAPH COMPANY

vs.

BLUE MOUNTAIN TELEPHONE & TELEGRAPH COMPANY.

Decided January 8, 1915.

The Slate Belt Telephone and Telegraph Company complained to the Commission against the construction by the Blue Mountain Telephone and Telegraph Company, of certain lines which crossed the lines of the Complainant, and of certain practices of the company in the conduct of its business. At the hearing on the complaint it developed that the Respondent had not secured the approval of the Commission to certain franchise ordinances enacted by some of the boroughs in which its lines had been constructed, and by consent the approval of these ordinances was submitted to the Commission in the same proceeding as the complaint.

The Commission found that the Respondent had expended a large sum of money in constructing a telephone system in the same district as the Complainant's system and in accordance with rights granted it by its charter and by the franchises of various boroughs. In view of the circumstances of the case, the Commission was of the opinion that the various franchise ordinances should be approved in order to secure telephone facilities to the inhabitants of the district, and to conserve the investment made by the Respondent in carrying out the duties imposed upon it by its charter and the franchises.

William S. Kirkpatrick and H. D. Maxwell, Representing the Complainant.

Joseph M. R. Long and J. Davis Brodhead, Representing the Respondent.