INTERSTATE COMMERCE COMMISSION REPORTS

VOLUME 25, VALUATION REPORTS

DECISIONS OF THE INTERSTATE COMMERCE COMMISSION OF THE UNITED STATES

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VALUATION DOCKET NO. 192

NEW YORK, ONTARIO AND WESTERN RAILWAY COMPANY ET AL.[1]

Submitted September 17, 1924. Decided April 12, 1929

Final value for rate-making purposes of the property of the New York, Ontario and Western Railway Company, owned and used for common-carrier purposes, as of June 30, 1916, found to be $32,800,000, owned but not used $102,000, and used but not owned $10,459,907.

C. L. Andrus, *Leslie Craven*, and *Charles F. Choate, jr.*, for New York, Ontario and Western Railway Company.

H. T. Newcomb for The Utica, Clinton and Binghamton Railroad Company and The Rome and Clinton Rail Road Company.

Frank H. Finn for Middletown & Unionville Railroad Company.

Ralph H. Kimball for The Western Union Telegraph Company.

REPORT OF THE COMMISSION

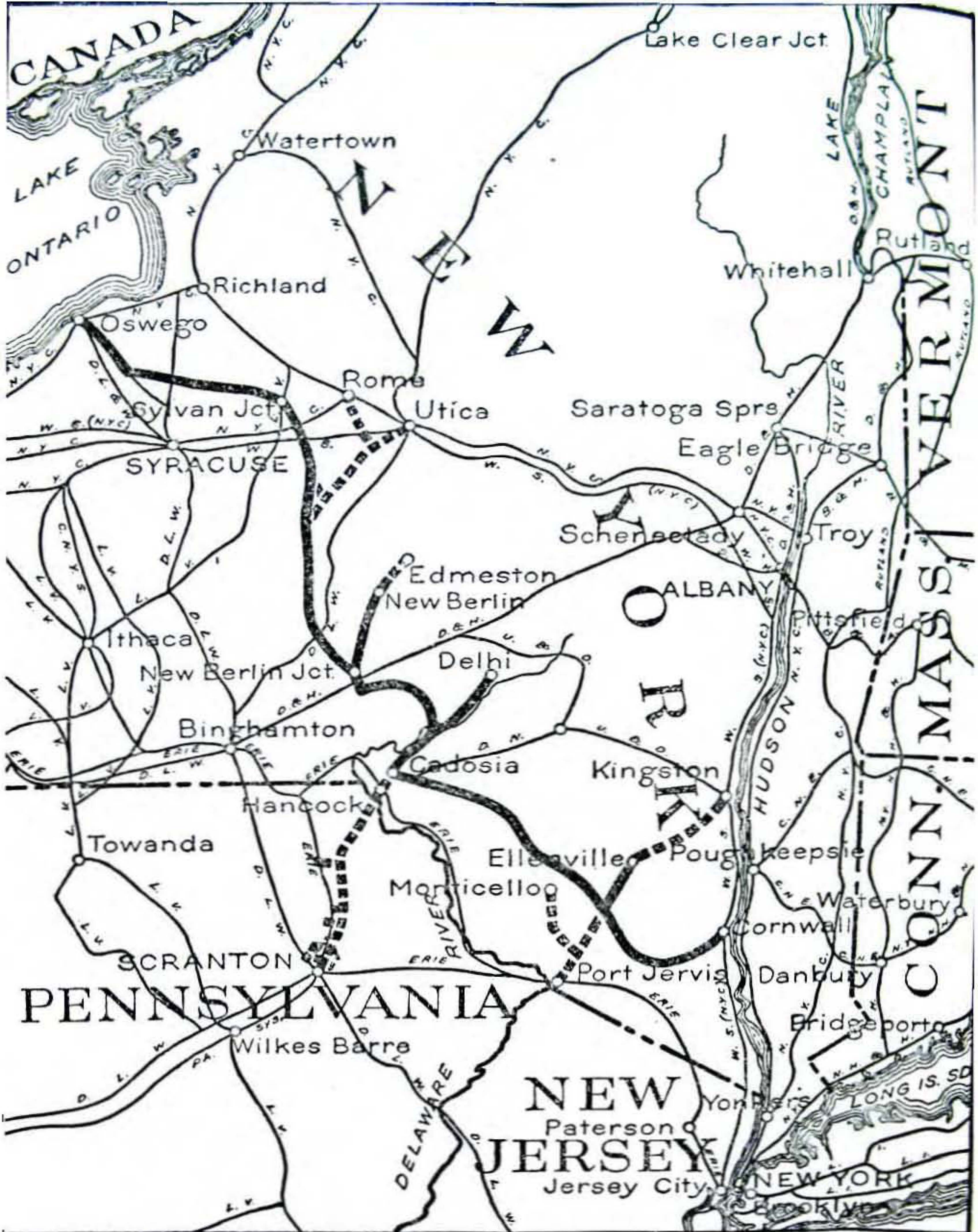
DIVISION 1, COMMISSIONERS MEYER, AITCHISON, LEWIS, AND FARRELL

BY DIVISION 1:

A tentative valuation as of June 30, 1916, of the property of the New York, Ontario and Western Railway Company, hereinafter called the carrier, was completed and notice thereof was sent to the carrier and other interested parties. Interested carriers filed protests within the statutory period. At a later date the Western Union Telegraph Company was permitted to intervene. Hearings were held on the issues presented by the protests. After the case was first closed it was reopened three times and evidence received concerning the proper classification of certain terminal property at Middletown, N. Y., proposed reductions in the amounts estimated for working capital, and proposed revision of reproduction costs of solid-rock grading, ties, and fences. Briefs have been filed and arguments heard.

On date of valuation the carrier owned and used a line of railroad extending from Cornwall to Oswego, N. Y., a distance of 274.410 miles, and branches aggregating 46.650 miles. Other branches

[1] This report also includes the valuation of the properties of The Rome and Clinton Rail Road Company; The Utica, Clinton and Binghamton Railroad Company; Wharton Valley Railway Company; Ontario, Carbondale and Scranton Railway Company; Peckaport Connecting Railway Company; Ellenville & Kingston Railroad Company; and Port Jervis, Monticello and Summitville Railroad Company.



MAP OF THE NEW YORK, ONTARIO AND WESTERN RAILWAY

N.

LEGEND
New York, Ontario And Western Railway
Leased Lines

amounting to 192.382 miles were wholly used but not owned. Road owned but not used amounted to 1.107 miles. The carrier also had trackage rights over the West Shore Railroad between Cornwall, N. Y., and Weehawken, N. J., a distance of 53 miles. Of the road owned, 295.060 miles had been acquired by purchase and 26 miles by construction. The roads of lessors acquired by the owning companies through construction were 154.188 miles in length and roads acquired through reorganization 38.194 miles. A detailed description of the property of the carrier, with mileage of main and other tracks, is given in the order entered herein.

The protest of the carrier is directed generally against the form and manner of the preparation of the tentative valuation and the rules and principles employed therein. The general objections contained in the protests are similar to those considered and rejected in previously decided cases. The protests, where supported by testimony, will be hereinafter discussed and considered.

INVESTMENT IN ROAD AND EQUIPMENT

Money outlays amounting to $1,517,792.59, purporting to be for additions and betterments, were charged by the carrier to income and profit and loss. They have not been added to the money outlays stated in the tentative valuation to be in the investment in road and equipment account in the absence of details concerning the circumstances under which the charges were made. The carrier introduced testimony naming specific units of road and equipment for which the outlays were made. Whether or not such property replaced other property or was in use on date of valuation was stated to be not within the personal knowledge of the carrier's witness. If the outlays were for replacements, and investment was not credited to the extent of items replaced, it would be a duplication now to charge the account with the amounts in question. Only in case the outlays were for property additions in use on date of valuation would it be proper to change the investment account as requested by the carrier. The carrier of its own accord made the charges in question and the accounts are assumed to be correct unless there is a clear showing that they are in error. For these reasons the statement of investment in road and equipment will not be changed.

COST OF REPRODUCTION NEW

Unit prices.—Protest was made against the use of unit prices as of June 30, 1914, instead of the date of valuation, June 30, 1916. The carrier submitted evidence that the cost of labor had risen between these dates, common labor being stated to be 9.4 per cent higher on date of valuation. In previous valuation reports we have fully set forth our reasons for adopting so-called 1914 unit prices in finding reproduction costs. There is no necessity for further discussion of the matter here.

Omissions.—The carrier protests that property was omitted from the statement of reproduction cost which should be included therein. In reviewing the testimony and the tentative valuation we find that the following increases which pertain to the items named should be made in reproduction cost:

Account	Item	Cost of reproduction new	Cost of reproduction less depreciation
	Owned and used		
6	West Shore bridge No. 63 at Cornwall, jointly owned, one-third	$2,859	$2,470
16	Paving at Middletown, N. Y	2,600	2,470
19	Coal unloaded at Middletown	13,375	9,363
53	Coal car No. 12863	580	87
	Total	19,414	14,390

The carrier contends that paving at Middletown in addition to that named above should be included, but it appears that it is in a public street and is not the property of the carrier.

The testimony indicates that an 18-inch lathe had been omitted from the statement of reproduction cost. On investigation, it has been found that the reproduction cost of the lathe has been included, although not separately itemized.

The carrier insists that the cost of reconstructing certain highways along its line near crossings should be included in reproduction cost. These items have been omitted for the reason that present topographical conditions are to govern in the formulation of reproduction estimates. The highways are presumed to be in their present location and it would be necessary to meet only the cost of crossings of the railroad. As the costs of crossings are already included in the tentative valuation no amount will be added for reconstructing highways.

It was contended that the cost of sheeting for the construction of the foundations of bridges was omitted from the reproduction estimate. An exhibit was filed that gave the estimated amount of sheeting necessary on the carrier's owned road as a whole and on each of the lesser roads, but it was not shown to what particular bridges the quantities applied. There was no evidence concerning the depth of foundations and excavation conditions at any of the bridges, which would be required in arriving at a conclusion as to the necessity of sheeting. In view of the indefinite character of the evidence, there is no warrant for changing the reproduction cost.

Certain freight-train cars were not included in the reproduction estimate, as they were no longer in use. The carrier insists that their scrap value should be included and presented an estimate thereof. Scrap values of property no longer in service are not included in reproduction cost.

Engineering.—The reproduction cost of engineering was estimated at 4.5 per cent on accounts 3 to 47. The carrier protests that 5 per cent should be used. In support of the protest, testimony and numerous exhibits were presented which gave the results of the investigations of certain subcommittees of the railroad presidents' conference committee. The investigation resulted in obtaining reports on 24,000 miles of line, covering 486 projects, and costing over $900,000,000 for construction and $40,500,000 for engineering.

The costs of construction and of engineering as reported by the railroads to the subcommittees were tabulated and divided into classes, by including or excluding canyon lines, terminals, and lines under 10 miles in length. For the country as a whole the results were shown to be as follows:

Character of lines	Number of cases	Miles of line	Total cost, accounts 3 to 47, inclusive, except 39 to 42, inclusive	Cost of engineering	Per cent, column 5 of column 4
(1)	(2)	(3)	(4)	(5)	(6)
Lines over 10 miles long, exclusive of canyon lines and terminals	346	22,444	$808,858,044	$35,039,568	4.33
Canyon lines	14	997	43,309,415	2,743,296	6.33
Lines over 10 miles, exclusive of terminals	360	23,441	852,167,459	37,782,864	4.43
Lines under 10 miles, exclusive of canyon lines and terminals	115	612	25,158,470	1,098,415	4.37
All lines, except terminals	475	24,053	877,325,929	38,881,279	4.43
Terminals	11	67	29,172,350	1,702,341	5.83
All lines:					
Eastern and Southern groups	166	----------	186,568,990	7,681,306	4.12
Western group	320	----------	719,929,289	32,902,314	4.57
Total	486	----------	906,498,279	40,583,620	4.48

The study of engineering cost data prepared by a subcommittee of the western group cost data committee was given careful consideration and analysis by us in *Atchison, Topeka & Santa Fe Ry. Co.*, 127 I. C. C. 1, and was not found to justify any increase over 4 per cent for engineering. That study does not require further discussion here.

The report of the New England group subcommittee, made in 1917, embodied the results of investigations of costs up to that time for 8,455 miles of line located in all sections of the country. Tabulations gave the reported total cost and engineering cost of each line constructed, divided into groups according to the resulting engineering percentage. The average percentage for engineering for all lines was

4.233. The diagrams submitted by the witness indicate generally a reduced average percentage with the increase in the total construction cost of the individual project and in the cost per mile of line. If the lines less than 40 miles in length are eliminated from consideration the average percentage is 4.08.

The Pittsburgh-Chicago group committee made its report in 1919. Costs were obtained for 28,664 miles of road in the United States and Canada. The average percentage for engineering on all lines was 4.49. Eliminating canyon projects, of which the testimony indicates there are none on the line of the carrier, the percentage is 4.44. If lines less than 40 miles in length, terminals, and canyon projects are not considered, the percentage is 4.34, but if terminals are included, the percentage is found to be 4.38. Lines less than 40 miles in length are eliminated, for the reason that under a reproduction program for a railroad having the extent of the carrier's lines, and with a large part or all of the road being constructed at one time, the cost of engineering on short branches would be inapplicable. Lines over 40 miles long include about 80 per cent of the costs submitted.

The carrier contends that some engineering costs are omitted from the above data. No estimates were prepared by the New England and the Pittsburgh-Chicago groups, and their exhibits contain only the costs submitted by the railroads. The carrier gave no details of estimates made for particular roads. Many of the projects were constructed so many years ago that it is mere conjecture to say now that engineering costs were omitted from the records. The data contain the actual costs taken from the records of the railroads, and the evidence is not sufficient to justify a resort to estimates. No check of the correctness of the costs submitted has been made by us from the carrier's records.

The carrier takes the position that the cost of engineering on its road is above the average. This is stated to be for the reason that the costs of tunnels, bridges, shops, enginehouses, warehouses, wharves, docks, and gas plants comprise a larger proportion of the total cost of construction than the average for 22 other railways in the Eastern group and these facilities, according to the contention, require a large charge for engineering. As about 75 per cent of the curves on the main line of the carrier are spiraled, it is also insisted that there would be additional costs for engineering above those on the average railroad.

There are only a few examples of construction of complete railroad systems, and only one, the Virginian Railway, compares with the carrier's railroad in length and construction cost per mile. Whether the two are similar in other respects is not of record. The evidence of record shows that the engineering percentage for the Virginian Railway was 4.40.

On the face of the costs submitted, ample support is given to the estimate of 4.5 per cent for engineering contained in the tentative valuation. An average of 4.38 per cent is deduced from the data as applicable to roads similar to that of the carrier. We are of the opinion that any additional cost of engineering for the carrier's railroad due to special reasons stated in the evidence as applicable to it is covered in the estimate of 4.5 per cent, and it has our approval.

Grading.—In estimating the cost of reproducing the carrier's roadbed we applied 23 cents per cubic yard, exclusive of haul, to common excavation moved by teams, and to that moved by trains, prices which range from 24 cents to 32 cents per cubic yard, inclusive of haul. The loose-rock and solid-rock excavation were priced at 50 cents and $1 per cubic yard, respectively, including haul.

The carrier protests that these prices are inadequate, and should be increased. In support of this contention, it submitted for the record the results of a study of the cost of grading made by a committee representing the New England railroads. In submitting the results of their investigation, this committee stated that their report does not attempt to fix the price of grading for the individual carrier, but to assemble in comprehensive form reliable data showing what grading cost in place in New England during the years 1882 to 1916, inclusive. The trend line developed by the committee for each kind of material is an average for New England and may or may not be the proper price to apply to the grading on any one carrier's property.

Aside from what this investigation may show to have been the cost in New England of grading in place is the question of the relevance of these prices to the cost of grading in the carrier's railroad. Approximately 90 per cent of the grading included in the committee's data is east of the Hudson River, the Delaware and Hudson projects being the only ones which may be said to be in the carrier's locality. The description of the materials encountered as reported by the committee and as found on the carrier's line by our field engineers indicates that the material embraced in the former's data was the more difficult to handle. The rock is said to be mostly granite and conglomerate while the notes of our field engineers indicate that most of the rock on the carrier's line is limestone, sandstone, and shale. The greater part of the data compiled by the committee pertains to the construction of additional main tracks, grading for yards and side tracks, elimination of grade crossings, and the reconstruction of existing lines, only a small proportion of the contracts being for new-line construction. The majority of the projects required less than 100,000 cubic yards of excavation, and many of them are for only a few hundred yards. The average prices ascertained by the committee are inclusive of haul and are obtained from contracts with varying provisions for this element of cost—some specify a free haul of 500 feet, some 600 feet, some 1,000 feet or more. For these overhaul beyond the free-haul limit was paid for separately. Other contracts named a price for grading in place, including all haul. We have priced team-work excavation on the basis of 500 feet free haul, with overhaul paid for separately, and have applied to the train work a unit price inclusive of haul. Since this latter element of cost varies on the several valuation sections, the unit prices applied to material handled by trains vary. These differences are an obstacle to any comparison, save on the most comprehensive basis, between our estimate and the result of this committee's investigation of grading costs. Because of the character of the cost data which dominate this study we are not convinced that the average prices and price trends ascertained therefrom warrant an increase in the unit prices we have applied.

Other support to the carrier's protest was the testimony of a railroad contractor who presented an estimate of the cost of grading the carrier's roadbed, based on his experience supplemented by an inspection of the property. After assuming what equipment would be needed for this grading, and the daily output therefrom, he estimated the total cost of the necessary plant, supplies, labor, etc., and divided this cost by the pay quantities included in the tentative valuation to obtain an average cost per cubic yard for unclassified material. This cost was said to be equivalent to 45.5 cents per cubic yard for common excavation, 60 cents for loose rock, and $1.35 for solid rock. This estimate depends on assumptions both as to rate of construction and costs which have not been supported by evidence, and can not be accepted as a measure of reproduction cost.

When this proceeding was reopened the bureau recommended that the price applied to the solid-rock excavation be reduced from $1 per cubic yard to 80 cents. Its witness presented cost data pertaining to nearly 18,000,000 cubic yards of solid-rock excavation in New England, New York, Pennsylvania, and New Jersey during the years 1898–1915. These produce a weighted-average price of 68 cents per cubic yard and a weighted average of 65 cents per cubic yard exclusive of the projects in the New England States. The carrier objects to the inclusion in these data of two construction projects of the Delaware, Lackawanna and Western Railroad, and insists that these projects are not comparable to grading on its own line. If these two projects are eliminated from the data and the only costs considered are those which pertain to other construction in New York and Pennsylvania, there is still found to be ample support in the data for the price of 80 cents proposed by the bureau. This recommendation is approved and the tentative valuation will be modified accordingly.

Ties.—The carrier uses in its main-line tracks crossties of sizes larger than 6 inches by 8 inches in section and 8 feet long, and uses in its branch lines and other tracks ties of both smaller and larger sizes. Ninety-five per cent of its crossties are of yellow pine and chestnut, the number of the former being approximately twice that of the latter. When estimating the cost of reproduction we priced the carrier's ties according to size rather than by kind. All the larger ties were combined into one group, to which we applied the average price of $1 each, and to the other group, comprising the smaller ties, we applied the average price of 74 cents. After reviewing the unit prices in the tentative valuation the bureau recommended that these prices of crossties be reduced to 88 cents and 70 cents, respectively. Its witness testified that the price recommended for the main-line ties includes a base price of 75.4 cents each f. o. b. Weehawken, plus an amount for transportation computed at 0.5 cent per ton-mile for an average distance of 175 miles, and 5 cents additional for inspection and material-yard expense. The price of 70 cents proposed for the other crossties is determined in a similar manner, using 57.7 cents for the base price f. o. b. Weehawken. These base prices are supported by data furnished the bureau by the carrier and showing what it paid for crossties purchased during the years 1906–1914, inclusive. The rate for company haul and the amount included for inspection and material-yard expense have been approved by us in previously decided cases.

The bureau's recommendation contemplates transporting these ties from Weehawken at the company-haul rate. The carrier has a trackage right over the New York Central's railroad between Weehawken and Cornwall, and in part payment for this right it pays the New York Central at the rate of 30 cents per freight-train mile and 0.75 cent extra per freight-car mile. For an average freight train this is equivalent to a total of approximately 52 cents per train-mile in addition to the cost of operating the train. The company-haul rate of 0.5 cent per ton-mile has been found to approximate very closely the cost to a common carrier for handling this class of traffic, but it is inadequate to include both this cost and the additional expense of the trackage right. This latter expense approximates 2 cents per tie and should be included in the estimate of cost of transportation from Weehawken. We conclude that prices of 90 cents and 72 cents each are reasonable for these crossties, and the tentative valuation will be modified accordingly.

The bureau also recommends that the carrier's bridge ties of treated yellow pine be priced at $38 per M, b. m., instead of at $44 as in the tentative valuation; that the price of untreated yellow-pine bridge ties be reduced from $32 per M, b. m., to $25; that the price of oak bridge ties be reduced from $30 per M, b. m., to $25.50, and that the switch ties be priced the same as bridge ties of the same kind. The evidence in support of these recommendations is similar to that pertaining to the crossties, and these recommendations are approved, except as to the provision for the company haul from Weehawken to Cornwall. For reasons already explained we conclude that 50 cents per M, b. m., is reasonably ample for the additional cost of the trackage right. The tentative valuation will be modified to include untreated yellow-pine bridge and switch ties priced at $25.50 per M, b. m.; those of treated yellow pine priced at $38.50 per M, b. m.; and those of oak priced at $26 per M, b. m.

Tracklaying and surfacing.—The carrier's evidence on tracklaying and surfacing was based principally on a schedule of unit prices known as Formula F. The schedule was the result of the compilation of costs of over 9,500 miles of track. It had been applied to the railroad of the carrier, with a resulting estimated reproduction cost of $1,904,607 as compared with $1,020,501 in the tentative valuation.

Testimony and exhibits in support of Formula F were considered in *New York, Philadelphia & Norfolk R. R. Co.*, 97 I. C. C., 273, 289, and it was there decided that the formula could not be depended upon as a reliable guide in determining the reproduction prices of tracklaying and surfacing for reasons stated. It is therefore unnecessary to consider that evidence in relation to this carrier.

After considering all of the testimony and reviewing the tentative valuation, we are of the opinion that there is justification for some increase in prices for tracklaying and surfacing. Prices applicable to main track vary in the tentative valuation according to the weight of rail, the highest price being $950 per mile. This will be changed to $1,025 per mile and corresponding changes made for less expensive construction. The adopted unit prices are as follows:

Classification	Price per mile		
	Rail 91 pounds and over	Rail 61 pounds to 90 pounds	Rail 60 pounds and under
Owned and used:			
Main tracks	$1,025	$975	$925
Yard tracks and sidings	900	850	800
Used but not owned, branches:			
Main tracks	975	925	875
Yard tracks and sidings	875	825	800

The result of the above changes is to make an increase of $86,932 in the cost of reproduction new of this account for all property used and of $63,938 in cost of reproduction less depreciation.

Right-of-way fences.—At the rehearing of the case testimony was introduced by the bureau in support of a recommendation that the unit prices for fences be decreased from $425 to $325 per mile for woven wire and from $225 to $185 per mile for plain and barbed wire fence per mile. The carrier did not protest the price of fences and no evidence was presented in regard to them at the original hearing. The costs of materials used in arriving at the proposed reduced unit prices were obtained from the carrier's records of costs. The amount of the purchases represented was not stated by the witness. An exhibit was introduced which showed the contract costs of placing and installing fences in the central and western part of the country, but none of the contracts were for fences built east of Indiana. The estimated amounts for placing, based on the above contracts, were added to the cost of material and of transportation in arriving at the proposed unit price. In our opinion, the evidence is not of such a character as to justify a change in the unit prices for fencing.

General expenditures.—The reproduction cost of general expenditures was computed at 1.5 per cent of the total of all road accounts, except Land. In its protest the carrier contends that the estimate should be increased. It introduced in evidence the studies made by the western group cost data committee of the presidents' conference committee, which were originally presented in Valuation Docket No. 152, The Chicago, Rock Island and Pacific Railway Company. These data have been carefully analyzed in other cases, in which we have reached the conclusion that the amount of general expenditures for reproduction should be determined by the application of a percentage varying with the circumstances surrounding each particular carrier. In this case we approve the use of 1.5 per cent.

Interest during construction.—The construction period on the owned road was placed at 24 months and on the leased lines at periods varying from 6 to 24 months. Interest was calculated for one-half of the construction period, plus 3 months. Interest on equipment was estimated for 3 months. The carrier protests that the construction period should be 36 months and the period for calculating interest 21 months, and that interest on cost of equipment should be computed for 6 months.

In support of its protest the carrier introduced testimony that had been given in *Mobile & Ohio R. R. Co.*, 143 I. C. C. 459, which was based on an investigation of interest during construction made by the eastern group of the presidents' conference committee. A questionnaire was sent by the committee to all Class I carriers and the answers pertained to 405 projects, covering about 26,000 miles of line. Out of the data received, 57 projects, covering 4,000 miles of line, were stated to be sufficiently complete to include in the conclusions. Diagrams were drawn which indicated the rates of expenditures per month during construction. The construction period on each project was determined from the diagram by the beginning and end of the principal expenditures. It was assumed that funds for expenditures during a whole year were in hand at the beginning thereof, with interest estimated at 6 per cent per annum and bank balances credited at 2 per cent per annum. For the 57 projects the computed interest was found to average 12.59 per cent of the accounts on which interest is calculated in the tentative valuation.

The eastern group found that the average length of period between the date of starting construction and opening for operation was 25.33 months for 290 projects. Longer periods were used in calculating interest, as the end of the construction expenditures was usually later than the date of opening for operation. The data actually covered 492 projects, but many were not included in the final calculations, the principal reason being that, in the judgment of the committee, essential elements of the data were lacking. In calculating interest or the length of the construction period revenues received from operations before the end of construction were not considered. Similarly, the recorded interest was not used as a measure of the amount necessary for reproduction purposes, as after a search of the records the committee believed that the interest separately stated in the accounts did not contain all that had been paid.

The data submitted include the construction of variously situated roads. In some cases branch lines have been included in the construction period of the main line, even though they may have been completed long after the latter was placed in operation. In such a case it would not be necessary to accrue interest until the last branch line was constructed, and interest so accrued would be excessive The information submitted with each project does not throw sufficient light on the conditions surrounding its construction. No adequate explanation is given of the reason for greatly varying lengths of construction periods on similarly situated roads.

Some evidence was introduced with respect to interest calculated to be necessary for reproducing the carrier's road. A contractor who had considerable experience on construction estimated that it would take 3 years, 4 months, and 18 days to build the road. This period was arrived at by assuming an average daily output for steam-shovel plants. No testimony was given as to how either the construction period or the daily output was established. As the carrier's evidence is not sufficient to negative the conclusions reached in the tentative valuation, the estimate of interest contained therein is approved.

COST OF REPRODUCTION LESS DEPRECIATION

The carrier protests against the methods, rules, and principles employed in determining reproduction cost less depreciation. Testimony was given that proper and timely repairs, replacements, and renewals had been made and were sufficient to keep the road in normal condition for operation. The quantities of gravel, ties, and rails replaced for several years previous to date of valuation were stated. An exhibit was also presented which showed the units of equipment repaired and cost of repairs from 1913 to 1916, and was designed to indicate that there had been a progressive improvement in their average condition. As stated in previously decided cases, our effort is to report with respect to each piece of property the extent of its depreciation on valuation date, as measured by exhaustion of service life. The carrier has not shown that there has been error in applying these principles in this case.

PRESENT VALUE OF LANDS AND RIGHTS

The carrier protests against the methods used in determining the present value of lands, but specific testimony concerning carrier lands pertained only to those at Weehawken, which it is asserted should be valued at $350,000. Their value was stated in the tentative valuation to be $242,451. The evidence relied upon by the carrier consisted of testimony of its witness concerning certain sales of water-front property, some of which was near the carrier's property and some more than 2 miles distant. The unit value developed by the witness in connection with these sales was $1,000 per front foot, for the carrier's land. He did not furnish any information with respect to the areas of the properties from which such front-foot value was developed. The evidence does not justify any modification of our appraisal of this land.

Certain noncarrier lands are stated by the carrier to have been omitted from the tentative valuation. The testimony has been compared with the appraisals in the land report, and it has been found that parcels corresponding to the descriptions given in the testimony have been included. In many cases the values stated are the same as those contended for by the carrier. In every case the values in the land report are included in the tentative valuation. The contentions of the carrier are without foundation.

The carrier introduced evidence that the State Tax Commission of New York in conformity with statute assessed special franchises for the occupation of public streets and public places. Such assessments in certain cities, towns, and villages were said to amount to $233,994 in 1914, and the carrier asserts that this amount should be included in the valuation of land as the value of special franchises. All of the assessments pertained to streets which were occupied by the public as well as the carrier on date of valuation. The expense of acquiring rights in streets has been included in the tentative valuation as the value of rights in public domain. As to the assessments made by the State, they do not represent any rights for which there were payments beyond the amounts already stated as the value of rights in public domain. The contention of the carrier is disapproved.

At a rehearing of the case, a witness for the bureau recommended that the acreage and present value of lands be changed to agree with the classification of certain lands in the reports on adjoining railroads. These changes were not objected to by the carrier. The result of the recommendation would be a decrease in the owned and used lands of 3.14 acres and $235.50 in present value, an increase in the used but not owned lands of 3.40 acres and $10,318.77 in present value, and an increase in noncarrier lands of 3.14 acres and $235.50 in present value, also a change in the indicated ownership of 0.08 acre of land valued at $8 used by the carrier, without effect on the total used but not owned. These changes are approved.

OTHER VALUES AND ELEMENTS OF VALUE

The carrier contends that its right to operate over the tracks of the West Shore Railroad Company between Cornwall and Weehawken, a distance of about 53 miles, and to use the terminals of the latter road at Weehawken and in New York Harbor has a value of $10,000,000, either as a valuation in itself of the rights south of Cornwall or as an enhancement of the value of the owned property north of Cornwall.

The road originally acquired by the carrier ran between Oswego and Middletown. For the purpose of extending the line to New York Harbor, the North River Railroad Company was organized to build a line from Weehawken to Albany. Under the terms of a lease and construction agreement entered into between the carrier and the North River Railroad, the carrier constructed and operated the line from Weehawken to Cornwall and a branch from Cornwall to Middletown. Title to the line was in the North River Railroad, which was controlled by the carrier through ownership of the entire capital stock. The North River Railroad and the New York, West Shore & Buffalo Railway Company were consolidated under the name of New York, West Shore & Buffalo Railway Company. The latter company completed the line north from Cornwall. Shortly thereafter a reorganization committee bought the New York, West Shore

& Buffalo and organized the West Shore Railroad Company to take over the property.

On valuation date the operation of the line between Cornwall and Weehawken and the terminals at Weehawken was controlled by an agreement entered into on January 18, 1888, between the carrier, the reorganization committee, the West Shore, and the New York Central & Hudson River Railway Company, lessee of the West Shore. Under this agreement, which modified an agreement between the same parties on January 1, 1886, the carrier transferred to the West Shore the lease and agreement between the carrier and the North River Railroad, and two agreements relating thereto between the carrier and the New York, West Shore & Buffalo, and all property, rights, and franchises under such lease and agreements, reserving certain rights and privileges in respect to the use by the carrier of the main line of the West Shore between Cornwall and Weehawken; the carrier became the owner in fee of the line between Cornwall and Middletown; the carrier transferred to the West Shore a lease of certain terminal property at Weehawken, and the New York Central & Hudson River Railway was substituted for the carrier as lessee of certain pier property in New York City. Under the reservation of rights referred to, the carrier was granted the right to run its trains over the main line of the West Shore between Cornwall and Weehawken, the use of the terminal facilities at Cornwall and Weehawken, and of certain ferries, floating equipment, and other facilities of the West Shore and New York Central railroads. The agreement contains a full statement of the basis upon which the carrier makes payment to the New York Central, as lessee of the West Shore, for the use of all property and facilities used by the carrier under the agreement. All trains are run upon time-tables prepared by the New York Central, the trains of the carrier having equal rights with West Shore trains of the same class. The agreement provides that upon failure of the carrier to pay to the New York Central any sum due under the agreement and continuation of such default for 60 days after demand for payment the rights granted the carrier shall, at the option of the New York Central, cease and determine. It is also provided that the carrier may not transfer, assign, or otherwise dispose of its interest under the agreement without the consent of the West Shore and the New York Central.

If the business done by the carrier south of Cornwall for the year ended on date of valuation is prorated on a mileage basis the revenue apportionable to that line was stated to be $1,325,726.90. Deducting therefrom the amount paid by the carrier under the agreement, $290,009.49, and cost of operation over that part of the line, $503,-907.61, the net balance of revenue would be $531,809.80 according to the calculations of the carrier. This, it is contended, would be the net loss to the carrier for the year if it had to surrender its rights south of Cornwall and in addition there would be a loss caused by the carrier having a junction point at Cornwall and not operating as a through line to Weehawken and New York. By capitalizing the gain stated to be due to the present arrangement, the carrier arrives at its estimated value of these rights.

The net cost to the carrier of construction of the road between Cornwall and Weehawken for its lessor and the acquisition of an interest in the terminal property at Weehawken, after crediting all receipts on account of such construction and acquisition, is stated to have been $7,940,765.37. This amount is considered by the carrier to be the cost of its property at Weehawken and of the rights between Cornwall and Weehawken. In the tentative valuation we have shown the net recorded charge of $6,974,651.73 in the carrier's investment account in connection with the construction of the 78 miles of road between Middletown and Weehawken. When the carrier obtained sole possession of the 26 miles from Cornwall to Middletown no changes were made in its investment in road and equipment account. Obviously only that portion of the $6,974,651.73 that does not represent the carrier's investment in the line between Cornwall and Middletown may be considered as its loss on the remainder of the construction.

It is clear from a consideration of all the facts and circumstances of record, that the rights which the carrier obtained under the agreement of January 18, 1888, and which it exercised on valuation date, in the property of the West Shore constituted trackage rights. Following our usual practice in such cases, the property so used will be inventoried and valued to the owner and nothing will be included for this property in the cost of reproduction estimate for carrier's line. We are convinced that the value of such rights should not be found in the manner proposed by the carrier. The protest of the carrier in this respect is not sustained.

CLASSIFICATION OF PROPERTY AT MIDDLETOWN

The carrier, in 1880, granted by indenture the right of use of certain property which it owned at Middletown to the predecessor of the Middletown & Unionville Railroad Company. The use covered a portion of the road in Middletown, together with the depot, freight houses, side tracks, and all improvements connected therewith, and was granted without rental and in perpetuity under certain conditions. The rights gained by the indenture were assigned by the lessee to the

Middletown & Unionville in 1913. In the assignment the assignor transferred all its right, title, claim, and interest in the structural property and in the right of way and real estate. The assignment was consented to by the carrier. The proper classification of this property is fully discussed in *Middletown & Unionville R. R. Co.*, 125 I. C. C. 143.

In the tentative valuation no property was reported as owned but not used, whereas a classification of the property in Middletown in accordance with our findings in the report cited will show as owned but not used, leased to the Middletown & Unionville, 9.74 acres of land with a present value of $36,682.25, originally reported as owned and used by the carrier, and 6.2 acres with a present value of $4,315.55, originally shown erroneously in the reports of both companies as owned and used by each. The total is 15.94 acres in area and $40,997.80 in value, now reported to the Middletown and Unionville as used but not owned. The value mentioned is based upon the application of zoning and units adopted in the Middletown & Unionville appraisal. On the zoning and units adopted for our appraisal of the carrier's lands the 15.94 acres were included as owned and used at a total value of $50,176.45 and deductions will be made accordingly. The structural property in Middletown reclassified as owned but not used by the carrier instead of owned and used entirely by the Middletown & Unionville has a cost of reproduction new of $74,480 and a cost of reproduction less depreciation of $58,311. The tentative valuation will be changed accordingly.

COST OF DEVELOPMENT

The carrier contends that cost of development should be included in the final value of the property. As a basis for its contention it introduced an estimate of the deficiencies below a fair return which would be incurred in the first few years after reproduction. A similar estimate was considered and rejected in *Florida East Coast Ry. Co.*, 84 I. C. C. 25, 28, and there is no occasion for a review of the determination there made.

WORKING CAPITAL

The tentative valuation contains an item of $1,995,193 for working capital, which is the equivalent of cash on hand on date of valuation amounting to $1,119,789 and material and supplies aggregating $875,404. The amounts of cash and material and supplies on hand are not necessarily measures of the working capital required for operating needs, as they may have been accumulated for other purposes.

For that reason it is in order to ascertain the amounts actually used for operating purposes.

An accountant of the bureau testified that the average balance of the material on hand at the end of each six months' period for two years preceding date of valuation was 12.04 per cent of the average annual operating expenses during that time. Applying that percentage to the operating expenses for the year ended on date of valuation, an amount of less than $750,000 is obtained. Deducting for scrap and for stock used for additions and betterments, he arrived at the conclusion that on date of valuation the normal stock of material and supplies carried for common-carrier service represented an investment of not over $700,000. A witness for the carrier testified that the item of scrap for the year ended on date of valuation was about $30,000, of which at least 20 per cent was usable. He also stated that the requirements for additions and betterments were small, and that the material used therefor was purchased directly and did not pass through the material and supplies account.

After an analysis of the cash on hand the witness for the bureau deduced that $200,000 fully covered all the cash that was reasonably held for operating requirements as of date of valuation. This amount was based on the cash actually used during a period of two years previous to date of valuation. The amount of $200,000 is supported by a comparison with the amount of cash which the United States Railroad Administration had on hand at the time that it operated the road. There was found to be an average delay in the collection of receivables, including freight revenue, of 37.85 days due principally to the credit extended to coal companies. This was offset in large part by the prompt collection of passenger revenues. The uncollected receivables from service performed amounted to $605,972, of which $577,331 represents uncollected freight charges due, under credit arrangements, from the Scranton Coal Company. On the other hand, the average delay in the payment of $300,069 of audited accounts and wages payable amounted to 18 days. As these are averages, there would be some overlap between the receivables and payables, but funds would have to be provided for the payments that are necessary before receipts begin to come in. Our investigation indicates, however, that if the credit extended on coal traffic were no greater than that extended in the collection of other freight earnings the delay in cash receipts would be substantially lessened. The witness for the carrier testified that on account of coal constituting the principal part of the tonnage hauled, the carrier's business had a seasonal fluctuation and as strikes often occur there is also a fluctuation from year to year, making necessary an increased amount of cash on hand. It does not appear that the fluctuation in net railway operating income due to seasonal changes in the density of traffic and to strikes, during the two years prior to date of valuation, resulted in operating deficits. The fluctuation in amount of revenue would not, therefore, affect our study based on comparative delays in receipt of revenue and payment of operating costs.

After a review of the evidence, we are of the opinion that $900,000, which is equal to 14.5 per cent of the operating expenses for the year ended on date of valuation, includes all the working capital reasonably used in common-carrier service on date of valuation. This amount will be substituted for that stated in the tentative valuation.

FINAL VALUE

The carrier's books record an investment of $85,101,627.08 in carrier property, including lands. If certain readjustments detailed in Appendix 2 were made, this amount would be reduced to $71,588,-062.25, of which not less than $54,005,704.54 is represented by securities issued or assumed. The portion of the investment representing lands has not been ascertained. The cost of reproduction new of the property owned and used, exclusive of lands, we find to be $36,862,162 and cost of reproduction less depreciation, $28,356,900. The value of the carrier lands and rights owned and used on date of valuation, determined in conformity with our usual methods, was $1,505,073. The original cost to date of valuation can not be ascertained, but the recorded outlay is stated in the investment in road and equipment account.

The investment of the carrier and lessors in properties wholly leased is recorded in their books at $10,598,688.41. If certain readjustments detailed in Appendix 2 were made, this amount would be reduced to $10,364,969.03, of which $3,229,285 is represented by securities issued or assumed. The portion of the investment representing lands has not been ascertained, but the costs obtained from the accounting records and other sources for carrier and noncarrier lands and rights are $1,491,060.92, less the undeterminable cost of parts of parcels sold for proceeds of $2,862.81. The cost of reproduction new of the properties of companies which are lessors solely of the carrier is $10,062,575, and cost of reproduction less depreciation, $8,410,414. The present value of the carrier lands and rights of such companies is $989,341. The original cost of these properties is not ascertainable.

The cost of reproduction new of all properties used but not owned, exclusive of lands, by the carrier is $10,112,998, and cost of reproduction less depreciation, $8,448,665. The present value of the carrier land and rights used but not owned is $1,513,005.

The estimates of cost of reproduction covered by this report are based upon the 1914 level of prices, while the present values of the common-carrier lands covered by the report are based upon the fair average of the normal market values of lands adjoining and adjacent to the rights of way, yards, and terminals of the carriers as of valuation date. This discrepancy will be removed when we adjust to later dates, in accordance with the requirements of the valuation act, the final values herein reported.

We find that the value for rate-making purposes of the property owned and used by the carrier for common-carrier purposes, including $900,000 for working capital, is $32,800,000, of the property owned but not used $102,000, and of the property used but not owned $10,459,907.

An order will be entered in accordance with our findings.

Order

Entered April 12, 1929

This case having been duly heard and submitted by the parties, and full investigation of the matters and things involved having been had, and said division having, on the date hereof, made and filed a report containing its conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the following be, and they are hereby declared to be, the final valuations of the properties of New York, Ontario and Western Railway Company; The Rome and Clinton Rail Road Company; The Utica, Clinton and Binghamton Railroad Company; Wharton Valley Railway Company; Ontario, Carbondale and Scranton Railway Company; Pecksport Connecting Railway Company; Ellenville & Kingston Railroad Company; and Port Jervis, Monticello and Summitville Railroad Company, as of June 30, 1916:

NEW YORK, ONTARIO AND WESTERN RAILWAY COMPANY

Location and general description of property.—The railroad of New York, Ontario and Western Railway Company, herein called the carrier, is a partly double-track, standard-gauge, steam railroad, located in the central and southeastern portions of New York. The main stem extends from Oswego to Cornwall, N. Y., 321 miles, and provides a route between Lake Ontario and the Atlantic Ocean, via the Hudson River. The carrier owns wharves and tracks at Weehawken, N. J. These are connected with the main line of the carrier by means of trackage rights over about 53 miles of the West Shore Railroad Company, a lessor company of The New York Central Railroad Company. The carrier also operates a water-line service, consisting of the towage of its own and foreign floating equipment, between Cornwall, N. Y., Weehawken, N. J., Boston, Mass., and points near those places. The mileage of the carrier, owned or used for common-carrier purposes, comprises the following:

Classification	First main track	Second and other main tracks	Yard tracks and sidings	All tracks
Wholly owned and used:	*Miles*	*Miles*	*Miles*	*Miles*
In New York	321.060	105.167	184.300	610.527
In New Jersey			2.791	2.791
Total	321.060	105.167	187.091	613.318
Wholly owned but not used:				
In New York—				
Leased to the Middletown & Unionville Railroad Company	1.107		1.257	2.364
Used but not owned:				
In New York—				
Leased from—				
Ellenville and Kingston	27.816		6.756	34.572
Port Jervis, Monticello and Summitville	38.194		5.845	44.039
Ontario, Carbondale and Scranton	3.052	2.901	0.418	6.371
Wharton Valley	6.826		1.777	8.603
Pecksport Connecting Railway	3.700		1.212	4.912
Utica, Clinton and Binghamton	31.269	0.171	20.194	51.634
Rome and Clinton	12.834		3.733	16.567
Total	123.691	3.072	39.935	166.698
In New Jersey—				
Leased from—				
West Shore Railroad Company			4.780	4.780
In Pennsylvania:				
Leased from—				
Ontario, Carbondale and Scranton	68.691	45.977	36.551	151.219
Total used but not owned	192.382	49.049	81.266	322.697
Total owned	322.167	105.167	188.348	615.682
Total used	513.442	154.216	268.357	936.015

In Appendix 1 will be found further description of the properties operated by the carrier.

Jointly used property.—The carrier owns 0.506 and 0.769 mile of track jointly and equally with The New York Central Railroad Company and Central New England Railway Company, respectively, treated as minor facilities in this report, the carrier's portion being included in the wholly owned property. In Appendix 2, under leased railway property, will be found a statement of the property used jointly with other companies and the terms of use.

Corporate history.—The carrier was incorporated on January 21, 1880, under the general laws of New York relating to the reorganization of railroads sold under mortgage, and is a reorganization of the New York and Oswego Midland Railroad Company, which had been sold under foreclosure proceedings on November 14, 1879. While the records indicate that the carrier obtained possession of the property on January 21, 1880, it did not begin operations until February 1, 1880. Its principal office is located in New York City. Control of the carrier is vested in the New York, New Haven and Hartford Railroad Company, through ownership of a majority of the capital stock. The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The carrier has issued a total of $103,131,409.64 in stocks and in bonds, and other long-term debts. Of this amount $88,245,982.84 was outstanding on date of valuation. Of the securities outstanding, $58,113,982.84 are in common stock, $4,000 in preferred, and $30,128,000 in funded debt. The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the carrier, are given in Appendix 2.

Gross and net earnings.—The result of the corporate operations of the carrier from February 1, 1880, to date of valuation is stated in detail in Appendix 2, and is summarized as follows:

Gross earnings (railway operating revenues)		$180, 556, 017. 95
Operating expenses (railway operating expenses)		129, 133, 592. 41
Resulting in net earnings (net revenue from railway operations) of		51, 422, 425. 54
During the same period taxes assessed (railway tax accruals) amounted to	$4, 764, 127. 60	
Uncollectible railway revenues amounted to	1, 598. 86	
		4, 765, 726. 46
Resulting in an income from railway operations (railway operating income) of		46, 656, 699. 08
In addition to this there was income from nonoperating sources (nonoperating income) of		7, 372, 459. 08
Resulting in gross income for the period (gross income) of		54, 029, 158. 16
During this period rents and hire of equipment (chargeable to deductions from gross income) amounted to		7, 872, 647. 58
Resulting in an amount available for the payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income) of		46, 156, 510. 58

The above statement includes results of corporate operations of certain of the leased lines, which can not be segregated, as follows:

Wharton Valley	Aug. 4, 1888, to date of valuation.
Pecksport Connecting Railway	Sept. 13, 1896, to date of valuation.
Ellenville & Kingston	Dec. 22, 1902, to June 30, 1905.
Port Jervis, Monticello and Summitville	Dec. 7, 1902, to June 30, 1905.

From 1905 to 1916, both inclusive, dividends were paid annually at rates varying from 1.5 to 2 per cent on the outstanding common stock, less $6,882.84 in scrip, which was not entitled to dividends, and 6 per cent on the outstanding preferred stock, less $500 in scrip, to the aggregate amount of $11,572,500.50.

General balance sheet.—The general balance sheet stated by the carrier, as showing its financial condition on date of valuation, follows:

ASSETS

Investments:		
Investment in road and equipment	$85, 101, 627. 08	
Improvements on leased railway property	56, 871. 85	
Sinking funds	4, 000. 00	
Investment in affiliated companies—		
Stocks	2, 312, 137. 97	
Bonds	6, 170, 000. 00	
Advances	40, 060. 50	
Other investments—		
Bonds	68, 570. 55	
Notes	306. 80	
		$93, 753, 574. 75
Current assets:		
Cash	1, 119, 788. 65	
Special deposits	26, 430. 00	
Traffic and car-service balances receivable	1, 713. 70	
Net balance receivable from agents and conductors	26, 927. 36	
Miscellaneous accounts receivable	728, 468. 15	
Material and supplies	875, 404. 49	
Interest and dividends receivable	865, 910. 00	
		3, 644, 642. 35
Deferred assets:		
Working-fund advances		14, 975. 00
Unadjusted debits:		
Rents and insurance premiums paid in advance	14, 865. 78	
Discount on funded debt	359, 712. 42	
Other unadjusted debits	303, 642. 99	
Total		678, 221. 19
Grand total		98, 091, 413. 29

LIABILITIES

Stock:		
Capital stock		$58, 117, 982. 84
Long-term debt:		
Funded debt unmatured		30, 128, 000. 00
Current liabilities:		
Traffic and car-service balances payable	$12, 835. 66	
Audited accounts and wages payable	300, 068. 85	
Interest matured unpaid	14, 020. 00	
Dividend matured unpaid	4, 025. 00	
Unmatured dividends declared	581, 089. 00	
Unmatured interest accrued	314, 985. 84	
Unmatured rents accrued	41, 176. 80	
		1, 268, 201. 15
Unadjusted credits:		
Tax liability	1, 801. 80	
Insurance and casualty reserves	262, 587. 59	
Accrued depreciation, equipment	1, 924, 892. 99	
Other unadjusted credits	20, 302. 73	
		2, 209, 585. 11
Corporate surplus:		
Profit and loss, credit balance		6, 367, 644. 19
Grand total		98, 091, 413. 29

CONTINGENT LIABILITIES

The Wharton Valley first-mortgage 5 per cent bonds, principal and interest guaranteed by the carrier	75, 000. 00
Scranton Coal Company notes payable indorsed by the carrier	500, 000. 00

Investment in road and equipment.—The investment in road and equipment, including land, on date of valuation, is stated in the books of the carrier to be $85,101,627.08. If certain readjustments were made, as detailed in Appendix 2, this amount would be decreased to $71,588,062.25, of which $64,795,090.13, less an undetermined portion thereof assignable to offsetting items recorded at $10,813,382, consists of securities issued or assumed by the carrier, the money value of which at the time issued or assumed we are not able to report, because it has been impossible to obtain the necessary information.

Improvements on leased railway property.—The carrier's investment in improvements on leased railway property is stated in its books as $56,871.85. With readjustments detailed in Appendix 2, the balance in this account would be increased to $3,005,107.31.

Original cost to date.—The original cost to date of all common-carrier property of the carrier can not be ascertained, as the necessary records are not obtainable. Such information respecting actual expenditures as can be ascertained is stated in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land and material and supplies, owned or used by the carrier, are as shown below. The carrier's or lessors' portions of jointly owned minor facilities are included in the wholly owned or used property.

Classification	Cost of reproduction new	Cost of reproduction less depreciation
As a whole		
Wholly owned and used	$36, 862, 162	$28, 356, 900
Owned but not used, leased to the Middletown & Unionville Railroad Company	74, 480	58, 311
Used but not owned, leased from—		
Rome and Clinton	445, 408	370, 382
Utica, Clinton and Binghamton	1, 333, 568	1, 083, 475
Wharton Valley	233, 780	187, 617
Ontario, Carbondale and Scranton	5, 928, 671	5, 088, 034
Pecksport Connecting Railway	109, 157	88, 658
Ellenville & Kingston	985, 725	756, 998
Port Jervis, Monticello and Summitville	1, 026, 266	835, 250
West Shore Railroad Company	50, 423	38, 251
Total	10, 112, 998	8, 448, 665
Total owned	36, 936, 642	28, 415, 211
Total used	46, 975, 160	36, 805, 565
In New York		
Wholly owned and used	24, 482, 024	20, 234, 510
Owned but not used, leased to the Middletown & Unionville Railroad Company	74, 480	58, 311
Used but not owned, leased from—		
Rome and Clinton	445, 408	370, 382
Utica, Clinton and Binghamton	1, 333, 568	1, 083, 475
Wharton Valley	233, 780	187, 617
Ontario, Carbondale and Scranton	497, 765	451, 711
Pecksport Connecting Railway	109, 157	88, 658
Ellenville & Kingston	985, 725	756, 998
Port Jervis, Monticello and Summitville	1, 026, 266	835, 250
Total	4, 631, 669	3, 774, 091
Total owned	24, 556, 504	20, 292, 821
Total used	29, 113, 693	24, 008, 601
In Pennsylvania		
Used but not owned, leased from the Ontario, Carbondale and Scranton	5, 430, 906	4, 636, 323
In New Jersey		
Wholly owned and used	599, 422	427, 456
Used but not owned, leased from the West Shore Railroad Company	50, 423	38, 251
Total owned	599, 422	427, 456
Total used	649, 845	465, 707
Not allocated to States		
Wholly owned and used	11, 780, 716	7, 694, 934

These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheets in Appendix 1. Information as to the character of the property used but not owned will be found in Appendix 2, under leased railway property.

Cost of lands, rights of way, and terminals at time of dedication to public use and their present value.—The carrier owns and uses for common-carrier purposes 4,584.36 acres of lands. It owns but does not use 15.94 acres which are leased to other carriers for common-carrier purposes. The total original cost of lands owned and used by the carrier for carrier purposes can not be ascertained, as the necessary records are not obtainable. Data on their original cost will be found in Appendix 2. The area and present value of carrier lands owned or used are as shown below:

Classification	Acres	Present value
As a whole		
Wholly owned and used	4, 584. 36	$1, 458, 823. 17
Owned but not used, leased to the Middletown & Unionville Railroad Company	15. 94	40, 997. 80
Used but not owned, leased from—		
Ellenville & Kingston	402. 68	62, 166. 70
Port Jervis, Monticello and Summitville	359. 09	21, 337. 07
Ontario, Carbondale and Scranton	909. 18	760, 901. 49
Wharton Valley	76. 03	4, 551. 20
Pecksport Connecting Railway	42. 53	3, 941. 25
The Delaware and Hudson Company	11. 42	8, 565. 00
Utica, Clinton and Binghamton	272. 62	80, 889. 17
Rome and Clinton	117. 09	17, 687. 55
West Shore Railroad Company	10. 14	393, 757. 50
New York, Susquehanna and Western Railroad Company	3. 56	13, 721. 66
Unadilla Valley Railway Company	. 08	8. 00
Private parties	20. 53	107, 612. 00
Total	2, 224. 95	1, 475, 138. 59
Total owned	4, 600. 30	1, 499, 820. 97
Total used	6, 809. 31	2, 933, 961. 76
In New Jersey		
Wholly owned and used	4. 77	242, 451. 10
Used but not owned, leased from the West Shore Railroad Company	10. 04	393, 750. 00
Total owned	4. 77	242, 451. 10
Total used	14. 81	636, 201. 10
In New York		
Wholly owned and used	4, 579. 59	1, 216, 372. 07
Owned but not used, leased to the Middletown & Unionville Railroad Company	15. 94	40, 997. 80
Used but not owned, leased from—		
Ellenville & Kingston	402. 68	62, 166. 70
Port Jervis, Monticello and Summitville	359. 09	21, 337. 07
Ontario, Carbondale and Scranton	62. 79	9, 378. 05
Wharton Valley	76. 03	4, 551. 20
Pecksport Connecting Railway	42. 53	3, 941. 25
The Delaware and Hudson Company	11. 42	8, 565. 00
Utica, Clinton and Binghamton	272. 62	80, 889. 17
Rome and Clinton	117. 09	17, 687. 55
West Shore Railroad Company	. 10	7. 50
Unadilla Valley Railway Company	. 08	8. 00
Private parties	5. 66	98, 690. 00
Total	1, 350. 09	307, 221. 49
Total owned	4, 595. 53	1, 257, 369. 87
Total used	5, 929. 68	1, 523, 593. 56
In Pennsylvania		
Used but not owned, leased from—		
Ontario, Carbondale and Scranton	846. 39	751, 523. 44
New York, Susquehanna and Western Railroad Company	3. 56	13, 721. 66
Other than common carriers	14. 87	8, 922. 00
Total	864. 82	774, 167. 10

Rights in public domain and private lands.—The present value of rights in public domain and in private lands, owned and used by the carrier, is as follows:

	Rights in public domain	Rights in private lands
As a whole		
Owned and used	$40,562.00	$5,688.00
Used but not owned, leased from—		
Ontario, Carbondale and Scranton	400.00	285.00
Utica, Clinton and Binghamton	35,261.69	110.00
Rome and Clinton	1,310.00	
Ellenville & Kingston		500.00
Total	36,971.69	895.00
Total owned	40,562.00	5,688.00
Total used	77,533.69	6,583.00
In New York		
Owned and used	40,562.00	5,688.00
Used but not owned, leased from—		
Ontario, Carbondale and Scranton	400.00	
Utica, Clinton and Binghamton	35,261.69	110.00
Rome and Clinton	1,310.00	
Ellenville & Kingston		500.00
Total	36,971.69	610.00
Total owned	40,562.00	5,688.00
Total used	77,533.69	6,298.00
In Pennsylvania		
Used but not owned, leased from the Ontario, Carbondale and Scranton		285.00

The original cost of rights in the public domain and of rights in private lands, owned and used by the carrier for common-carrier purposes, as supported by accounting records, was $40,562 and $7,191, respectively. Information as to the cost of rights leased from lessor companies will be given in the portions of this report devoted to those companies.

Property held for purposes other than those of a common carrier.—The carrier owns 511.58 acres of noncarrier lands, with a present value, including the value of improvements thereon, of $67,908.46, divided as follows:

	Acres	Present value
In New Jersey	2.13	$3,195.00
In New York	356.58	61,387.21
In Pennsylvania	152.87	3,326.25
Total	511.58	67,908.46

The original cost of these lands, as supported by accounting records, was $3,889.93. In addition, the carrier claims costs amounting to $50,367.86 which are not verified. The original cost of lands devoted partly to carrier and partly to noncarrier purposes was $28,278 in costs supported by accounting records and $17,240 of additional costs claimed by the carrier but not so supported, which has been hereinbefore stated.

The carrier also owns rights in private lands, used for noncarrier purposes, with an original cost of $60 and a present value of $20.

The carrier had recorded investments in other companies of a par value of $8,588,937.85 and book value of $8,591,075.82. The details of the securities held will be found in Appendix 2.

The carrier owns but does not use shop machinery which is leased to a noncarrier. This consists of two 24-inch lathes having a value of $910.

The carrier on valuation date owned and held cash and material and supplies in the amount of $1,995,193. Of this amount $900,000 was necessary for its use as working capital. The balance, $1,095,193, is considered for purposes of valuation as noncarrier property.

Aids, gifts, grants of rights of way, and donations.—The carrier owns certain carrier and noncarrier lands which are classified herein as apparent aids. The area and present value of these lands are as follows:

	Acres	Present value
In New York:		
Owned and used for carrier purposes	766.67	$103,333.37
Owned and held for noncarrier purposes	25.68	584.95

The foregoing sums are included in the preceding summaries of the present value of lands owned by the carrier. We are not able to report the value of these lands at the time acquired.

The records do not indicate that any cash donation was made to the carrier. The Wharton Valley received individual cash donations aggregating $20,000, which it transferred to the carrier and which were credited by the latter to its profit and loss account. These donations are set forth in the text of the report upon the Wharton Valley.

Material and supplies.—The book value of material and supplies on hand on date of valuation is shown in the carrier's records as $875,404.49.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, working capital, and all other matters which appear to have a bearing upon the values here reported, the values, for rate-making purposes, of the property of the carrier, owned or used, devoted to common-carrier purposes, are found to be as follows:

Wholly owned and used	$32, 800, 000
Owned but not used, leased to Middletown & Unionville Railroad Company	102, 000
Used but not owned, leased from—	
Rome and Clinton	408, 000
Utica, Clinton and Binghamton	1, 268, 000
Wharton Valley	201, 000
Ontario, Carbondale and Scranton	6, 148, 000
Peeksport Connecting Railway	100, 000
Ellenville & Kingston	890, 000
Port Jervis, Monticello and Summitville	880, 000
West Shore Railroad Company	435, 000
The Delaware and Hudson Company	8, 565
New York, Susquehanna and Western Railroad Company	13, 722
Unadilla Valley Railway Company	8
Private parties	107, 612
Total	10, 459, 907
Total owned	32, 902, 000
Total used	43, 259, 907

There is included in the value stated as wholly owned and used the sum of $900,000 on account of working capital, including material and supplies. No other values or elements of value to which specific sums can now be ascribed are found to exist.

ROME AND CLINTON RAILROAD COMPANY

Location and general description of property.—The railroad of Rome and Clinton Railroad Company, herein called the Rome and Clinton, is a single-track, standard-gauge, steam railroad, located in the central part of New York. The owned mileage extends northwardly from Clinton to Rome, N. Y., 12.834 miles. The Rome and Clinton also owns yard and side tracks totaling 3.733 miles. Its road thus embraces 16.567 miles of all tracks owned.

Jointly used property.—The Rome and Clinton jointly owns an interlocker treated as a minor facility in this report, the Rome and Clinton's portion of reproduction costs being included in the wholly owned property.

Corporate history.—The Rome and Clinton was incorporated on June 3, 1869, under the general laws of New York. Prior to completion, the property was re-leased to the New York and Oswego Midland Railroad Company, which operated the road until November 3, 1875, when the lease was transferred to the Delaware and Hudson Canal Company. From that date to April 1, 1883, the road was operated by The Delaware, Lackawanna & Western Railroad Company, under an agreement with the Delaware and Hudson Canal Company, and was operated by the latter to June 1, 1886, when it was subleased to the carrier for a period of 35 years. On December 4, 1889, the Delaware and Hudson Canal Company leased the property of the Rome and Clinton for the life of its charter. On date of valuation its stock was held by 142 stockholders, no one of whom held a controlling interest. The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Rome and Clinton has issued a total of $345,360 in capital stock, all of which was outstanding on date of valuation. The considerations received therefor are not of record.

Gross and net earnings.—The result of the corporate operations of the Rome and Clinton from July 1, 1890, to date of valuation is stated in detail in Appendix 2, and is summarized as follows:

Income from lease of road	$612, 475. 00
Railway tax accruals	2, 472. 96
Resulting in gross income for the period (gross income)	610, 002. 04
During this period rents (chargeable to deductions from gross income) amounted to	10, 800. 00
Resulting in an amount available for the payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income)	599, 202. 04

From July 1, 1890, to date of valuation dividends were paid annually at rates varying from 6.125 to 7 per cent, to the aggregate amount of $585,988.71.

General balance sheet.—The general balance sheet stated by the Rome and Clinton, as showing its financial condition on date of valuation, follows:

ASSETS

Investments:	
Investment in road and equipment	$360, 000. 00
Current assets:	
Cash	1, 234. 38
Total	361, 234. 38

LIABILITIES

Stock:	
Capital stock	345, 360. 00
Current liabilities:	
Other current liabilities	39. 93
Corporate surplus:	
Profit and loss, credit balance	15, 834. 45
Total	361, 234. 38

Investment in road and equipment.—The investment in road, the Rome and Clinton owns no equipment, including land, on date of valuation is stated in the books of the Rome and Clinton to be $360,000. This balance was established in 1872 and consisted of $250,000 of subscriptions to capital stock, $100,000 of funded debt, and $10,000 of unfunded debt. No changes have been made in the account since that date. We are not able to report the value of these items at the time of entry, as it has been impossible to obtain the necessary information.

Original cost to date.—The original cost to date of the property of the Rome and Clinton, other than land, can not be ascertained, owing to the fact that the accounting records were not obtainable. Information respecting the cost of lands will be found in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Rome and Clinton, but used exclusively by the carrier for common-carrier purposes, including the Rome and Clinton's portion of jointly owned minor facilities, are $445,408 and $370,382, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in summary sheets in Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Rome and Clinton owns and leases to the carrier for common-carrier purposes 117.09 acres of lands. The original cost of these lands, as supported by accounting records, was $13,921.71. In addition to this amount the Rome and Clinton claims costs of $52,500.27 which can not be verified. The present value of these lands is $17,687.55.

Rights in public domain.—The Rome and Clinton owns rights in public domain, used by the carrier, which it secured at a cost of $1,310. The present value of these rights is the same amount.

Rights in private lands.—The Rome and Clinton owns a right in private lands consisting of a right to cross the tracks of the New York Central Railroad Company at grade, at a cost of $6,000. No present value is assigned to this right.

Property held for purposes other than those of a common carrier.—The Rome and Clinton owns noncarrier structures located on land used for common-carrier purposes, the present value of which is $200. The original cost of these structures can not be ascertained.

Aids, gifts, grants of rights of way, and donations.—Of the lands owned by the Rome and Clinton but leased to the carrier for common-carrier purposes, 5.28 acres, present value $752.92, were acquired through aids, the title to this land being conveyed by deeds reciting nominal considerations only. We are not able to report the value of this land at the time acquired.

The towns of Rome, Clinton, and Westmoreland, N. Y., subscribed to the capital stock of the Rome and Clinton, but the amount of their subscriptions could not be ascertained.

Material and supplies.—The records of the Rome and Clinton do not show any material and supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Rome and Clinton, wholly owned and leased to the carrier for common-carrier purposes, is found to be $408,000. No working capital is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

THE UTICA, CLINTON AND BINGHAMTON RAILROAD COMPANY

Location and general description of property.—The railroad of The Utica, Clinton and Binghamton Railroad Company, herein called the Utica, Clinton and Binghamton, is a partly double-track, standard-gauge, steam railroad, located in the central part of New York. The owned main-line mileage extends northerly from Randallsville to Utica, N. Y., 31.269 miles. The Utica, Clinton and Binghamton also owns second main-line tracks aggregating 0.171 mile. The Utica, Clinton and Binghamton also owns yard and side tracks totaling 20.194 miles. Its road thus embraces 51.634 miles of all tracks owned.

Jointly used property.—The Utica, Clinton and Binghamton has no jointly owned and used property.

Corporate history.—The Utica was originally incorporated on August 13, 1862, under the general laws of New York, as the Utica City Railroad Company. On January 1, 1866, by special act of New York, the latter was reorganized as the Utica and Waterville Railroad Company, and on March 25, 1868, by special act of New York, the name was changed to its present designation.

The Utica, Clinton and Binghamton operated its property until July, 1871, when its steam road was leased to the New York and Oswego Midland Railroad Company, which continued operations until November 3, 1875, when the lease was transferred to the Delaware and Hudson Canal Company. From the latter date to April 1, 1883, the road was operated by The Delaware, Lackawanna & Western Railroad Company, under an agreement with the Delaware and Hudson Canal Company, and was operated by the latter to June

1, 1886, when it was subleased to the carrier for a period of 35 years. On December 4, 1889, the Utica, Clinton and Binghamton leased its common-carrier property to the Delaware and Hudson Canal Company for the life of its charter.

On December 1, 1886, the street-car line owned by the Utica, Clinton and Binghamton was leased to the Utica Belt Line Street Railroad Company, and since that date the Utica, Clinton and Binghamton has not operated any railroad property.

The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Utica, Clinton and Binghamton has issued a total of $2,449,285 in stocks and in bonds. Of this amount $1,649,224 was outstanding on date of valuation. Of the securities outstanding $849,224 are in capital stock and $800,000 in mortgage bonds. Of the stock, $649,224 is in common and $200,000 in debenture. The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Utica, Clinton and Binghamton are given in Appendix 2.

Gross and net earnings.—The result of the corporate operations of the Utica, Clinton and Binghamton from July 1, 1891, to date of valuation is stated in detail in Appendix 2, and is summarized as follows:

Income from lease of road:	
Steam road	$1, 599, 000. 00
Street-car line	390, 000. 00
Miscellaneous nonoperating income	84. 36
Total	1, 989, 084. 36
During the same period taxes assessed (railway tax accruals) amounted to	30, 600. 47
Resulting in gross income for the period (gross income), all of which was available for the payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income) of	1, 958, 483. 89

From July 1, 1891, to date of valuation dividends were paid annually on its common stock at rates varying from 3.5 to 4 per cent, to the aggregate of $637,705. It has also paid annual dividends of 5 per cent on its debenture stock, amounting in the aggregate to $260,000.

General balance sheet.—The general balance sheet stated by the Utica, Clinton and Binghamton, as showing its financial condition on date of valuation, follows:

ASSETS

Investments:		
Investment in road and equipment		$1, 690, 566. 40
Current assets:		
Cash	$13, 383. 73	
Special deposit (to retire interest coupons due July 1, 1916)	20, 000. 00	
		33, 383. 73
Total		1, 723, 950. 13

LIABILITIES

Stock:	
Capital stock	849, 224. 00
Long-term debt:	
Funded debt unmatured	800, 000. 00
Current liabilities:	
Interest matured unpaid	20, 000. 00
Unadjusted credits:	
Tax liability	836. 15
Corporate surplus:	
Profit and loss balance, credit	53, 889. 98
Total	1, 723, 950. 13

Investment in road and equipment.—The investment in road and equipment, including land, on date of valuation is stated in the books of the Utica, Clinton and Binghamton to be $1,690,566.40, of which $1,639,285 represents the par value of securities. We are not able to report the value of these securities at the time of entry, because it has been impossible to obtain the necessary information. Further details will be found in Appendix 2.

Original cost to date.—The original cost to date of the property of the Utica, other than land, can not be ascertained. Information respecting the cost of lands will be found in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Utica, Clinton and Binghamton but used exclusively by the carrier for common-carrier purposes, are $1,333,568 and $1,083,475, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment prescribed by us, are shown in summary sheets in Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Utica, Clinton and Binghamton owns and leases to the carrier for common-carrier purposes 272.62 acres of land. The original cost of these lands, as supported by the accounting records, was $2,180. The Utica, Clinton and Binghamton claims additional costs of $178,443.51 which are not so supported. It also claims further costs of $11,200 for partly carrier and partly noncarrier lands, which are not supported by the accounting records. The present value of these lands is $80,889.17.

Rights in public domain.—The Utica, Clinton and Binghamton owns rights in the public domain, used by the carrier, which it secured at a cost of $35,261.69. The present value of these rights is the same amount.

Rights in private lands.—The Utica, Clinton and Binghamton owns rights in private lands, used by the carrier, which it secured at a cost of $668. The present value of these rights is $110.

Property held for purposes other than those of a common carrier.—The Utica, Clinton and Binghamton owns 1.16 acres of land used for noncarrier purposes. The original cost of this land could not be ascertained. The Utica, Clinton and Binghamton claims costs of $15,600 for noncarrier land, which costs are not supported by the accounting records. It also claims $11,200 in costs for partly carrier and partly noncarrier land as hereinbefore set forth, which amount is not supported by the accounting records. The present value of these lands, including the value of improvements thereon, is $24,334.85.

Aids, gifts, grants of rights of way, and donations.—Of the lands owned by the Utica, Clinton and Binghamton but leased to the carrier for common-carrier purposes, 4.21 acres, with a present value of $56.80, were acquired by the Utica, Clinton and Binghamton through aids, the title to this land being conveyed by deeds reciting nominal considerations only. We are not able to report the value of this land at the time acquired.

Material and supplies.—The records do not show any material or supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value for rate-making purposes of the property of the Utica, Clinton and Binghamton wholly owned and leased to the carrier for common-carrier purposes is found to be $1,268,000. No working capital, including materials and supplies, is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

WHARTON VALLEY RAILWAY COMPANY

Location and general description of property.—The railroad of Wharton Valley Railway Company, herein called the Wharton Valley, is a single-track, standard-gauge, steam railroad, located in the south-central part of New York. The owned mileage extends northeasterly from New Berlin to Edmeston, N. Y., 6.826 miles. The Wharton

Valley also owns yard and side tracks totaling 1.777 miles. Its road thus embraces 8.603 miles of all tracks owned.

Jointly used property.—The Wharton Valley has no jointly owned and used property.

Corporate history.—The Wharton Valley was incorporated June 12, 1888, under the general laws of New York. It is controlled by the carrier through ownership of all of the capital stock. The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Wharton Valley has issued a total of $145,000 in stock and in bonds, all of which was outstanding on date of valuation. Of the securities outstanding, $70,000 are in capital stock and $75,000 in first-mortgage bonds, which were issued to the carrier in payment for construction funds.

Gross and net earnings.—The results of the corporate operations of the Wharton Valley are included in the accounts of the carrier.

General balance sheet.—The general balance sheet stated by the Wharton Valley, as showing its financial condition on date of valuation, follows:

ASSETS	
Investments:	
Investment in road and equipment	$145,000
LIABILITIES	
Stock:	
Capital stock	70,000
Long-term debt:	
Funded debt unmatured	75,000
Total	145,000

Investment in road and equipment.—The investment in road of the Wharton Valley (it owns no equipment) is stated in its books to be $145,000, represented by its outstanding securities.

Original cost to date.—The original cost to date of the property of the Wharton Valley other than land is recorded in the accounts of the carrier as $110,974.43. Further information, including the cost of lands, will be found in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Wharton Valley, but used exclusively by the carrier for common-carrier purposes, are $233,780 and $187,617, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in summary sheets in Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Wharton Valley owns and leases to the carrier for common-carrier purposes 76.03 acres of lands. The original cost of these lands, as supported by accounting records, was $1,350. The Wharton Valley claims in addition to this amount $12,570.13, which is not supported by accounting records. The present value of this land is $4,551.20.

Property held for purposes other than those of a common carrier.—The Wharton Valley does not own or use any property held for non-carrier purposes.

Aids, gifts, grants of rights of way, and donations.—Of the lands owned by the Wharton Valley but leased to the carrier for common-carrier purposes, 2.56 acres, with a present value of $102.40, were acquired by the Wharton Valley through aids, the title to this land being conveyed by deeds reciting nominal considerations only. We are not able to report the value of this land at the time acquired. The Wharton Valley received cash donations amounting to $20,000 from individuals, which amount was transferred to the carrier.

Material and supplies.—The records do not show any material or supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Wharton Valley wholly owned and leased to the carrier for common-carrier purposes is found to be $201,000. No working capital is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

ONTARIO, CARBONDALE AND SCRANTON RAILWAY COMPANY

Location and general description of property.—The railroad of Ontario, Carbondale and Scranton Railway Company, herein called the Ontario, Carbondale, and Scranton, is a partly double-track, standard-gauge, steam railroad, located in the south-central part of New York and the Northeastern part of Pennsylvania. The owned mileage extends in a general southerly direction from Cadosia, N. Y., to Scranton, Pa., and embraces 157.590 miles of all tracks, as follows:

	First main track	Second and other main tracks	Yard tracks and sidings	All tracks
	Miles	*Miles*	*Miles*	*Miles*
In New York	3.052	2.901	0.418	6.371
In Pennsylvania	68.691	45.977	36.551	151.219
Total	71.743	48.878	36.969	157.590

Jointly owned property.—In addition to the foregoing, the Ontario, Carbondale and Scranton owns 0.218 mile and 0.486 mile of track jointly and equally with The Delaware, Lackawanna & Western Railroad Company and the Jefferson Railroad Company (Erie Railroad Company, lessee), respectively, treated as minor facilities in this report, the Ontario, Carbondale and Scranton's portion of reproduction cost figures being included in the wholly owned property. In Appendix 2, under leased railway property, will be found a statement showing the property used jointly by the carrier with other companies and the terms of use. These rights of joint use were secured by the Ontario, Carbondale and Scranton.

Corporate history.—The Ontario, Carbondale and Scranton was incorporated on October 3, 1889, under the general laws of New York and Pennsylvania, and on the same date, pursuant to an agreement dated April 15, 1889, the property, rights, and franchises of three other companies were consolidated to form the Ontario, Carbondale and Scranton. The three companies were incorporated on the following dates:

The Scranton and Forest City Railroad Company	Nov. 21, 1886.
Forest City and State Line Railroad Company	Mar. 22, 1889.
The Hancock and Pennsylvania Railroad Company	Apr. 4, 1889.

The property of the Ontario, Carbondale and Scranton has been operated by the carrier since June 1, 1890, when it was opened for operation, under the terms of a lease dated May 10, 1890. The principal office of the Ontario, Carbondale and Scranton is located at New York, N. Y. The carrier controls the Ontario, Carbondale and Scranton through ownership of all of its capital stock. The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Ontario, Carbondale and Scranton has issued a total of $3,000,000 in stocks and in bonds, all of which were outstanding on date of valuation. Of the securities outstanding, $1,500,000 are in capital stock and an equal amount in first-mortgage bonds. The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Ontario, Carbondale and Scranton, are given in Appendix 2.

Gross and net earnings.—The result of the corporate operations of the Ontario, Carbondale and Scranton from June 1, 1890, to date of valuation is stated in detail in Appendix 2, and is summarized as follows:

Income from lease of road	$2, 856, 999. 58
Income from funded securities	2, 112. 62
Resulting in gross income for the period (gross income) of	2, 859, 112. 20

Resulting in that amount being available for the payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income).

No dividends have been paid by the Ontario, Carbondale and Scranton.

General balance sheet.—The general balance sheet stated by the Ontario, Carbondale and Scranton, as showing its financial condition on date of valuation, follows:

ASSETS

Investments:		
Investment in road and equipment		$3, 807, 954. 20
Current assets:		
Cash	$3, 510. 00	
Rents receivable	6, 250. 00	
		9, 760. 00
Total		3, 817, 714. 20

LIABILITIES

Stock:	
Capital stock	1, 500, 000. 00
Long-term debt:	
Funded debt unmatured	1, 500, 000. 00
Current liabilities:	
Unmatured interest accrued	6, 250. 00
Corporate surplus:	
Profit and loss balance, credit	811, 464. 20
Total	3, 817, 714. 20

Investment in road and equipment.—The investment of the Ontario, Carbondale and Scranton in road, no equipment being owned, including land, on date of valuation is stated in its books as $3,807,954.20. If certain readjustments were made, as detailed in Appendix 2, this amount would be decreased to $3,573,999.95, of which $525,000 represents securities issued, the value of which at the time issued we are not able to report, because it has been impossible to obtain the necessary information.

Original cost to date.—The original cost to date of the property of the Ontario, Carbondale and Scranton can not be ascertained. The money outlay by its predecessors, by the company itself, and by the carrier appears to have been $6,059,363.44. This amount, however, is subject to certain adjustments, which are detailed in Appendix 2.

Information respecting the original cost of lands will also be found in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, owned by the Ontario, Carbondale and Scranton but used exclusively by the carrier for common-carrier purposes, including jointly owned minor facilities, are as follows:

	Cost of reproduction new	Cost of reproduction less depreciation
Owned but leased to the carrier:		
In New York	$497,765	$451,711
In Pennsylvania	5,430,906	4,636,323
Total	5,928,671	5,088,034

These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheets which are a part of Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Ontario, Carbondale and Scranton owns 909.18 acres of lands which are leased to the carrier for common-carrier purposes. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable. Such data as have been obtained is given in Appendix 2. The area and present value of these lands are as follows:

	Acres	Present value
Owned but not used, leased to the carrier:		
In New York	62.79	$9,378.05
In Pennsylvania	846.39	751,523.44
Total	909.18	760,901.49

Rights in public domain and private lands.—The Ontario, Carbondale and Scranton owns rights in the public domain and in private lands, located in Pennsylvania and used by the carrier, as follows:

	Original cost	Present value
Rights in public domain	$400	$400
Rights in private lands	275	285

Property held for purposes other than those of a common carrier.—The Ontario, Carbondale and Scranton owns 159.60 acres of lands held for noncarrier purposes. The present value of these lands, including the value of improvements thereon, is as follows:

	Acres	Present value
In New York	104.24	$1,190.40
In Pennsylvania	55.36	22,737.05
Total	159.60	23,927.45

The original cost of these lands, as supported by accounting records, was $8,100. The Ontario, Carbondale and Scranton also claims costs amounting to $300 which are not so supported. The original cost of partly carrier and partly noncarrier lands was $279,527 in costs supported by the accounting records and $8,683 in costs not so supported.

Aids, gifts, grants of rights of way, and donations.—Of the lands owned by the Ontario, Carbondale and Scranton and leased to the carrier for common-carrier purposes, 2.28 acres, with a present value of $2,060.69, were acquired by the Ontario, Carbondale and Scranton through aids, the title to this land being conveyed by deeds reciting nominal considerations only. These lands are distributed as follows:

	Acres	Present value
In New York	0.11	$1,986.34
In Pennsylvania	2.17	74.35
Total	2.28	2,060.69

We are not able to report the value of these lands at the time acquired.

Material and supplies.—The records of the Ontario, Carbondale and Scranton do not show any material and supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value for rate-making purposes of the property of the Ontario, Carbondale and Scranton wholly owned and leased to the carrier for common-carrier purposes is found to be $6,148,000. No working capital is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

PECKSPORT CONNECTING RAILWAY COMPANY

Location and general description of property.—The railroad of Pecksport Connecting Railway Company, herein referred to as the Pecksport Connecting Railway, is a single-track, standard-gauge, steam railroad, located in the central part of New York. The owned mileage extends northeasterly from Pecksport to Whites Corners, N. Y., a distance of 3.70 miles. The Pecksport Connecting Railway also owns yard and side tracks totaling 1.212 miles. Its road thus embraces 4.912 miles of all tracks owned.

Jointly used property.—The Pecksport Connecting Railway has no jointly used property.

Corporate history.—The Pecksport Connecting Railway was incorporated April 29, 1886, under the general laws of New York. It is controlled by the carrier, through ownership of all of the outstanding capital stock. The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Pecksport Connecting Railway has issued a total of $80,060.50 in capital stock and nonnegotiable debt to affiliated companies, all of which is outstanding on date of valuation. Of the securities outstanding, $40,000 are in capital stock, issued to the carrier in part payment for construction funds, and $40,060.50 in nonnegotiable debt, representing the unpaid portion of the Pecksport Connecting Railway's debt to the carrier for construction funds furnished by the latter.

Gross and net earnings.—The results of the corporate operations of the Pecksport Connecting Railway are included in the accounts of the carrier.

General balance sheet.—The general balance sheet stated by the Pecksport Connecting Railway, as showing its financial condition on date of valuation, follows:

ASSETS	
Investments:	
Investment in road and equipment	$80, 060. 50
LIABILITIES	
Stock:	
Capital stock	40, 000. 00
Long-term debt:	
Nonnegotiable debt to affiliated companies	40, 060. 50
Total	80, 060. 50

Investment in road and equipment.—The investment of the Pecksport Connecting Railway in road, it owns no equipment, including land, is stated in its books as $80,060.50, representing the recorded cash outlay by the carrier in constructing the property.

Original cost to date.—The original cost to date of the property of the Pecksport Connecting Railway, including land, is represented by the foregoing sum shown as investment in road and equipment, namely, $80,060.50.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Pecksport Connecting Railway but used exclusively by the carrier for common-carrier purposes, are $109,157 and $88,658, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheets in Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Pecksport Connecting Railway owns and leases to the carrier for common-carrier purposes 42.53 acres of lands. The original cost of these lands, as supported by accounting records, was $8,994.31. In addition to this sum, the Pecksport Connecting Railway claims costs of $6,625 which are not supported by accounting records. The present value of these lands is $3,941.25.

Property held for purposes other than those of a common carrier.—The Pecksport Connecting Railway owns no property held for noncarrier purposes.

Aids, gifts, grants of rights of way, and donations.—Of the lands owned by the Pecksport Connecting Railway and used by the carrier for common-carrier purposes, 0.01 acre, present value $0.80, was acquired through aids, the title to this land being conveyed by deeds reciting nominal considerations only. We are not able to report the value of this land at the time acquired.

Material and supplies.—The records do not show that the Pecksport Connecting Railway has any material or supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Pecksport Connecting Railway, wholly owned and leased to the carrier for common-carrier purposes, is found to be $100,000. No working capital is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

ELLENVILLE & KINGSTON RAILROAD COMPANY

Location and general description of property.—The railroad of Ellenville & Kingston Railroad Company, herein called the Ellenville & Kingston, is a single-track, standard-gauge, steam railroad, located in the southeastern part of New York. The owned mileage extends from Ellenville to Kingston, N. Y., 27.816 miles. The Ellenville & Kingston also owns yard and side tracks totaling 6.756 miles. Its road thus embraces 34.572 miles of all tracks owned.

Jointly used property.—In addition to the foregoing, the Ellenville & Kingston owns jointly with the carrier and the Huntoon Company 0.803 mile of track, treated as a minor facility in this report, the Ellenville & Kingston's portion of reproduction costs being included in the wholly owned property.

Corporate history.—The Ellenville & Kingston was incorporated March 29, 1901, under the general laws of New York. It is controlled by the carrier, through ownership of the entire capital stock. The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Ellenville & Kingston has issued a total of $950,000 in stocks and bonds, all of which was outstanding on date of valuation. Of the securities outstanding, $300,000 represent capital stock and $650,000 first-mortgage bonds. The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Ellenville & Kingston, are given in Appendix 2.

Gross and net earnings of the Ellenville & Kingston.—From December 22, 1902, to June 30, 1905, the property of the Ellenville & Kingston was operated by the carrier under an agreement which provided that the latter should pay all operating and maintenance charges and receive all revenues and income. The results of operations during this period were included in those of the carrier and can not be separated. The result of the corporate operations of the Ellenville & Kingston from July 1, 1905, to date of valuation is stated in detail in Appendix 2, and is summarized as income from lease of road, $286,250, less, interest on funded debt, $286,000; resulting in an income balance transferred to credit of profit and loss of $250. No dividends have been paid.

General balance sheet.—The general balance sheet stated by the Ellenville & Kingston, as showing its financial condition on date of valuation, follows:

ASSETS

Investments:		
Investment in road and equipment		$950,000
Current assets:		
Cash	$250	
Rents receivable	13,000	
		13,250
Total		963,250

LIABILITIES

Stock:	
Capital stock	$300,000
Long-term debt:	
Funded debt unmatured	650,000
Current liabilities:	
Interest matured unpaid	13,000
Corporate surplus:	
Profit and loss, credit balance	250
Total	963,250

Investment in road and equipment.—The investment of the Ellenville & Kingston in road, it owns no equipment, including land, on date of valuation is stated in the books of the Ellenville & Kingston as $950,000, representing cash outlay by the carrier for construction purposes. If certain readjustments were made, as detailed in Appendix 2, the account would be increased to $950,234.87.

Original cost to date.—The original cost to date of the property of the Ellenville & Kingston, including land, is shown by the records to be $986,603.33. Information respecting the original cost will be found in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, owned by the Ellenville & Kingston but used exclusively by the carrier for common-carrier purposes, are $985,725 and $756,998, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in summary sheets in Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Ellenville & Kingston owns and leases to the carrier for common-carrier purposes 402.68 acres of lands. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable. The obtainable data on their cost are given in Appendix 2. The present value of these lands is $62,166.70.

Rights in private lands.—The Ellenville & Kingston owns rights in private lands, used by the carrier, which it secured at a cost of $500. The present value of these rights is $500.

Property held for purposes other than those of a common carrier.—The Ellenville & Kingston owns 29.86 acres of lands used for noncarrier purposes, with a present value, including the value of improvements thereon, of $10,552.30. The total original cost of these lands can not be ascertained. The obtainable data on their original cost are given in Appendix 2.

Aids, gifts, grants of rights of way, and donations.—Of the lands owned by the Ellenville & Kingston and used by the carrier for common-carrier purposes, 169 acres, present value $1,076.01, were acquired through aids, the title to this land being conveyed by deeds reciting nominal considerations only. We are not able to report their value at the time acquired.

Material and supplies.—The records of the Ellenville & Kingston do not show any material or supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value for rate-making purposes of the property of the Ellenville & Kingston, wholly owned and leased to the carrier for common-carrier purposes, is found to be $890,000. No working capital, including materials and supplies, is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

PORT JERVIS, MONTICELLO AND SUMMITVILLE RAILROAD COMPANY

Location and general description of property.—The railroad of Port Jervis, Monticello and Summitville Railroad Company, herein called the Port Jervis, Monticello and Summitville, is a single-track, standard-gauge, steam railroad, located in the southeastern part of New York. The owned mileage extends in a general northerly direction from Port Jervis to Monticello, N. Y., 23.935 miles, with a branch of 14.259 miles extending northeasterly from Valley Junction to Summitville, N. Y. The total length of the main and branch lines is 38.194 miles. The Port Jervis, Monticello and Summitville also owns yard and side tracks totaling 5.845 miles. Its road thus embraces 44.039 miles of all tracks owned.

Jointly used property.—The Port Jervis, Monticello and Summitville has no jointly owned and used property.

Corporate history.—The Port Jervis, Monticello and Summitville was incorporated December 5, 1902, under the general laws of New York. On December 7, 1902, it acquired, by reorganization, the property of the Port Jervis, Monticello and New York Railroad Company, which had been sold December 3, 1902, under foreclosure, to a representative of the reorganization committee. The carrier controls the Port Jervis, Monticello and Summitville through ownership of its entire capital stock. The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Port Jervis, Monticello and Summitville has issued a total of $887,000 in stocks and in bonds. Of this amount, $560,000 was outstanding on date of valuation. Of the securities outstanding, $110,000 represent capital stock and $450,000 first-mortgage bonds.

The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Port Jervis, Monticello and Summitville, are given in Appendix 2.

Gross and net earnings.—From December 7, 1902, to June 30, 1905, the property of the Port Jervis, Monticello and Summitville was operated by the carrier and the results of corporate operations were included in those of the latter. On July 1, 1905, the carrier leased the property for a term of 50 years. The results of the corporate operations from July 1, 1905, to date of valuation, as recorded by the Port Jervis, Monticello and Summitville, consist of income from rent of road amounting to $198,250, from which was deducted $198,000 for interest on funded debt. The remainder of $250 was transferred to the credit of profit and loss, and is the only entry in that account.

General balance sheet.—No general balance sheet was submitted by the Port Jervis, Monticello and Summitville.

Investment in road and equipment.—The investment in road, including land (the Port Jervis, Monticello and Summitville owns no equipment), on date of valuation is stated in the books of the Port Jervis, Monticello and Summitville to be $560,000, consisting wholly of securities issued, the value of which at the time of issue we are not able to report, because it has been impossible to obtain the necessary information. Further information under this heading will be found in Appendix 2.

Original cost to date.—The original cost to date of the property of the Port Jervis, Monticello and Summitville, as a whole, can not be ascertained, owing to the inadequacy of the records. The obtainable data on original cost will be found in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Port Jervis, Monticello and Summitville but used exclusively by the carrier for common-carrier purposes, are $1,026,266 and $835,250, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in summary sheets in Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Port Jervis, Monticello and Summitville owns and leases to the carrier for common-carrier purposes 359.09 acres of lands. The original cost of these lands, as supported by accounting records, was $9,235.50. The Port Jervis, Monticello and Summitville also claims costs amounting to $92,766.01

which are not supported by accounting records. The present value of these lands is $21,337.07.

Property held for purposes other than those of a common carrier.—The Port Jervis, Monticello and Summitville does not own any property held for noncarrier purposes.

Aids, gifts, grants of rights of way, and donations.—Of the lands owned by the Port Jervis, Monticello and Summitville and used by the carrier for common-carrier purposes, 96.60 acres, with a present value of $765, were acquired by the Port Jervis, Monticello and Summitville through aids, the title to this land being conveyed by deeds reciting nominal considerations only. We are not able to report the value of this land at the time acquired.

Material and supplies.—The records do not show any material or supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value for rate-making purposes, of the property of the Port Jervis, Monticello and Summitville, wholly owned and leased to the carrier for common-carrier purposes, is found to be $880,000. No working capital, including material and supplies, is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

IN GENERAL

With respect to each of the carriers embraced in this proceeding, in addition to other matters stated, the following paragraphs apply as a part of each respective valuation.

Appendixes.—Attached hereto and made a part hereof are Appendixes 1 and 2. Appendix 1 gives the explanatory text and summary sheets giving the classification of the cost of reproduction new and cost of reproduction less depreciation, above set forth, in conformity with the classification of expenditures for road and equipment prescribed by us. Appendix 2 shows further details as to the development of fixed physical property, investment in road and equipment, the cost of lands, rights of way, and terminals, and other pertinent information, excepting features hereinbefore treated.

Reference is hereby made to Appendix 3, *Texas Midland Railroad*, 75 I. C. C. 1, 108, which is hereby made a part hereof, for a statement of the methods employed and the reasons for the differences between the various cost values reported.

The engineering, land, and accounting reports, copies of which have been furnished to interested parties, and the State officials of the States in which the carriers embraced in this proceeding are situated, give the details respecting the figures here reported, and are on file in the Bureau of Valuation of the commission, open to public inspection, and subject to the direction of Congress. These reports are referred to for greater particularity as to the matters herein stated.

APPENDIX 1

THE CARRIER AND ITS LEASED LINES

Description of road.—Grading has been computed on the one-way basis, with 500 feet overhaul, and averages about 38,000 cubic yards per mile of road, ranging from between about 66,000 cubic yards on the double-track line between Cornwall, N. Y., and Cadosia, N. Y., to about 12,000 cubic yards on the single-track branch line between New Berlin Junction, N. Y., and New Berlin, N. Y. Ballast averages 3,100 cubic yards per mile. About three-fourths of the track is laid with 85 to 90 pound rail, the remaining rail weighing either 75 or 76 pounds per yard.

Traffic connections.—The carrier connects with other railroads for the interchange of business at the following points:

Central New England Railway Company	Campbell Hall, N. Y.
The Central Railroad Company of New Jersey	Scranton, Pa.
The Delaware and Hudson Company	Sidney, N. Y.; Carbondale, Dickson, Jermyn, Scranton, Pa.
The Delaware, Lackawanna & Western Railroad Company.	Norwich, Oswego, Utica, N. Y.; Dickson, Scranton, Pa.
Delaware & Northern Railroad Company	East Branch, N. Y.
Erie Railroad Company	Campbell Hall, Middletown, Port Jervis, N. Y.; Carbondale, Olyphant, Scranton, Pa.
The Lehigh and Hudson River Railway Company	Burnside, N. Y.
Lehigh Valley Railroad Company	Near Fish Creek, N. Y.; Sibley, Pa.
Middletown & Unionville Railroad Company	Middletown, N. Y.
The New York Central Railroad Company	Campbell Hall, Central Square, Clark Mills, Cornwall, Earlville, Fulton, Kingston, Oneida, Oneida Castle, Oswego, Rome, Utica, N. Y.; Weehawken, N. J.
The Ulster & Delaware Railroad Company	Kingston, N. Y.
Unadilla Valley Railway Company	New Berlin, N. Y.

Topography, geology, and climate.—The surface of the country traversed by the railroad of the carrier varies from generally rolling and hilly in New York State to semimountainous in Pennsylvania and in New York, where the road skirts the Catskill Mountains. The territory covered by the road is generally typical of glaciated areas; the soil consists principally of sand, gravel, and clay, with boulders scattered more or less freely through the glacial deposits. The ledge rock is usually quite hard and is composed of many different materials, principally gneiss, sandstone, shale, limestone, and conglomerates. The winters are somewhat severe, particularly in the northern parts of the country traversed. The temperature ranges from about 100° F. above to about 25° below zero.

Characteristics of country.—The railroad traverses an excellent and well-developed farming section in the State of New York. There are many dairy farms, particularly in the southern parts of the State. The principal farm products are cereals, hay, vegetables, and dairy products.

The carrier's road in Pennsylvania is entirely situated among extensively worked anthracite coal fields, constituting the most important industrial region reached by the carrier, with the possible exception of the territory adjacent to New York City. There is also a certain amount of industrial development among the larger towns in the northern part of the territory, and small industries are scattered, rather thinly, among the remainder of the road. The principal products are coal, firearms, ammunition, paper, and clothing.

Physical characteristics of road.—The maximum grade on south-bound traffic is 1.60 per cent; on north bound 2 per cent. The maximum curvature is 13° 19′.

Engineering and general expenditures.—Four and one-half per cent on accounts 3 to 47, inclusive, on all properties involved in this proceeding, has been estimated to cover engineering. General expenditures, exclusive of interest, have been estimated on the basis of 1.5 per cent upon road accounts 1 to 47, exclusive of account 2. Interest during construction has been estimated for one-half the construction period, plus three months, at the rate of 6 per cent per annum on all road and general-expenditures accounts, excepting accounts 2 and 76. Interest on equipment has been estimated for three months at 6 per cent per annum. Construction periods have been placed as follows:

	Months
The carrier	24
Rome and Clinton	8
Utica, Clinton and Binghamton	12
Wharton Valley	6
Ontario, Carbondale and Scranton	24
Pecksport Connecting Railway	6
Ellenville & Kingston	18
Port Jervis, Monticello and Summitville	18

SUMMARIES

The carrier's or its lessors' portions of jointly owned minor facilities are included in the reproduction costs shown for property wholly owned.

THE CARRIER

All sections, wholly owned and used

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	I. ROAD		
1	Engineering	$989, 861	$989, 861
3	Grading	5, 880, 945	5, 827, 271
5	Tunnels and subways	764, 865	721, 763
6	Bridges, trestles, and culverts	2, 933, 642	2, 411, 856
8	Ties	1, 602, 850	808, 229
9	Rails	2, 175, 613	1, 945, 317
10	Other track material	773, 080	533, 901
11	Ballast	768, 840	576, 710
12	Tracklaying and surfacing	1, 073, 968	783, 945
13	Right-of-way fences	269, 478	135, 076
14	Snow and sand fences and snowsheds	2, 538	1, 269
15	Crossings and signs	386, 495	296, 843
16	Station and office buildings	1, 721, 130	1, 274, 792
17	Roadway buildings	133, 456	103, 559
18	Water stations	193, 809	151, 037
19	Fuel stations	96, 890	47, 868
20	Shops and enginehouses	1, 056, 503	909, 647
24	Coal and ore wharves	962, 025	631, 653
26	Telegraph and telephone lines	130, 595	53, 817
27	Signals and interlockers	255, 723	200, 517
29	Power-plant buildings	56, 546	53, 208
32	Power-distribution systems	47, 775	35, 412
33	Power-line poles and fixtures	4, 680	3, 560
36	Paving	1, 721	910
37	Roadway machines	30, 145	17, 731
38	Roadway small tools	15, 609	7, 804
44	Shop machinery	514, 581	307, 234
45	Power-plant machinery	143, 414	98, 608
	Total, 1, and 3 to 47, inclusive	**22, 986, 777**	**18, 929, 398**
	II. EQUIPMENT		
51	**Steam locomotives**	**3, 287, 330**	**1, 929, 824**
53	**Freight-train cars**	**5, 736, 178**	**4, 316, 203**
54	**Passenger-train cars**	**1, 713, 556**	**887, 135**
56	**Floating equipment**	**559, 560**	**280, 633**
57	**Work equipment**	**309, 993**	**167, 975**
	Total, 51 to 58, inclusive	**11, 606, 617**	**7, 581, 770**
	III. GENERAL EXPENDITURES		
71	**Organization expenses**		
72	**General officers and clerks**		
73	**Law**	**344, 801**	**285, 196**
74	**Stationery and printing**		
75	**Taxes**		
77	**Other expenditures, general**		
76	**Interest during construction**	**1, 923, 967**	**1, 560, 536**
	Total, 71 to 77, inclusive	**2, 268, 768**	**1, 845, 732**
	Grand total, 1, and 3 to 77, inclusive	**36, 862, 162**	**28, 356, 900**

In New Jersey, wholly owned and used

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	I. ROAD		
1	Engineering	$23,657	$23,657
3	Grading	13,680	13,529
8	Ties	2,996	1,498
9	Rails	6,576	6,079
10	Other track material	9,263	5,981
11	Ballast	1,039	779
12	Tracklaying and surfacing	5,181	3,730
15	Crossings and signs	76	46
16	Station and office buildings	27,397	24,957
17	Roadway buildings	950	649
20	Shops and enginehouses	1,234	884
24	Coal and ore wharves	453,061	307,729
26	Telegraph and telephone lines	212	179
27	Signals and interlockers	60	44
37	Roadway machines	137	81
38	Roadway small tools	2,258	1,129
44	Shop machinery	1,585	963
	Total, 1, and 3 to 47, inclusive	549,362	391,914
	III. GENERAL EXPENDITURES		
71	Organization expenses		
72	General officers and clerks		
73	Law	8,240	5,850
74	Stationery and printing		
75	Taxes		
77	Other expenditures, general		
76	Interest during construction	41,820	29,692
	Total, 71 to 77, inclusive	50,060	35,542
	Grand total, 1, and 3 to 77, inclusive	599,422	427,456

In New Jersey, used but not owned, leased from the West Shore Railroad Company

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	I. ROAD		
1	Engineering	$1,828	$1,828
8	Ties	11,128	6,120
9	Rails	15,741	13,609
10	Other track material	5,914	3,776
11	Ballast	4,136	4,136
12	Tracklaying and surfacing	8,792	6,594
	Total, 1, and 3 to 47, inclusive	47,539	36,063
	III. GENERAL EXPENDITURES		
71	Organization expenses		
72	General officers and clerks		
73	Law	713	541
74	Stationery and printing		
75	Taxes		
77	Other expenditures, general		
76	Interest during construction	2,171	1,647
	Total, 71 to 77, inclusive	2,884	2,188
	Grand total, 1, and 3 to 77, inclusive	50,423	38,251

In New York, wholly owned and used

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	I. ROAD		
1	Engineering	$966, 204	$966, 204
3	Grading	5, 867, 265	5, 813, 742
5	Tunnels and subways	764, 865	721, 763
6	Bridges, trestles, and culverts	2, 933, 642	2, 411, 856
8	Ties	1, 599, 854	806, 731
9	Rails	2, 169, 037	1, 939, 238
10	Other track material	763, 817	527, 920
11	Ballast	767, 801	575, 931
12	Tracklaying and surfacing	1, 068, 787	780, 215
13	Right-of-way fences	269, 478	135, 076
14	Snow and sand fences and snowsheds	2, 538	1, 269
15	Crossings and signs	386, 419	296, 797
16	Station and office buildings	1, 693, 733	1, 249, 835
17	Roadway buildings	132, 506	102, 910
18	Water stations	193, 809	151, 037
19	Fuel stations	96, 890	47, 868
20	Shops and engine houses	1, 055, 269	908, 763
24	Coal and ore wharves	508, 964	323, 924
26	Telegraph and telephone lines	130, 383	53, 638
27	Signals and interlockers	255, 663	200, 473
29	Power-plant buildings	56, 546	53, 208
32	Power-distribution systems	47, 775	35, 412
33	Power-line poles and fixtures	4, 680	3, 560
36	Paving	1, 721	910
37	Roadway machines	30, 008	17, 650
38	Roadway small tools	13, 351	6, 675
44	Shop machinery	512, 996	306, 271
45	Power-plant machinery	143, 414	98, 608
	Total, 1, and 3 to 47, inclusive	22, 437, 415	18, 537, 484
	III. GENERAL EXPENDITURES		
71	Organization expenses		
72	General officers and clerks		
73	Law	336, 561	279, 346
74	Stationery and printing		
75	Taxes		
77	Other expenditures, general		
76	Interest during construction	1, 708, 048	1, 417, 680
	Total, 71 to 77, inclusive	2, 044, 609	1, 697, 026
	Grand total, 1, and 3 to 77, inclusive	24, 482, 024	20, 234, 510

In New York, wholly owned but not used, leased to Middletown & Unionville Railroad Company

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	I. ROAD		
1	Engineering	$3, 068	$3, 068
3	Grading	10, 160	10, 159
6	Bridges, trestles, and culverts	19, 176	15, 978
8	Ties	6. 116	3, 058
9	Rails	7, 189	6, 503
10	Other track material	4, 302	2, 916
11	Ballast	1, 129	848
12	Tracklaying and surfacing	3, 480	2, 471
15	Crossings and signs	4, 123	3, 532
16	Station and office buildings	926	551
17	Roadway buildings	757	382
18	Water stations	3, 084	2, 478
20	Shops and engine houses	7, 732	3, 841
	Total, 1, and 3 to 47, inclusive	71, 242	55, 785

In New York, wholly owned but not used, leased to Middletown & Unionville Railroad Company—Continued

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	III. GENERAL EXPENDITURES		
71	Organization expenses		
72	General officers and clerks		
73	Law	$1,069	$834
74	Stationery and printing		
75	Taxes		
77	Other expenditures, general		
76	Interest during construction	2,169	1,692
	Total, 71 to 77, inclusive	3,238	2,526
	Grand total, 1, and 3 to 77, inclusive	74,480	58,311

Not allocated to States, wholly owned and used

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	II. EQUIPMENT		
51	Steam locomotives	$3,287,330	$1,929,824
53	Freight-train cars	5,736,178	4,316,203
54	Passenger-train cars	1,713,556	887,135
56	Floating equipment	559,560	280,633
57	Work equipment	309,993	167,975
	Total, 51 to 58, inclusive	11,606,617	7,581,770
	III. GENERAL EXPENDITURES		
76	Interest during construction	174,099	113,164
	Grand total, 1, and 3 to 77, inclusive	11,780,716	7,694,934

ROME AND CLINTON

Owned but not used, leased to carrier

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	I. ROAD		
1	Engineering	$18,258	$18,258
3	Grading	64,337	64,131
6	Bridges, trestles, and culverts	73,569	62,711
8	Ties	35,939	17,972
9	Rails	57,167	54,522
10	Other track material	23,164	18,365
11	Ballast	18,857	14,143
12	Tracklaying and surfacing	26,145	20,393
13	Right of way fences	12,097	6,048
15	Crossings and signs	5,626	3,771
16	Station and office buildings	48,616	38,805
17	Roadway buildings	3,307	2,231
18	Water stations	11,095	10,174
19	Fuel stations	709	386
20	Shops and engine houses	19,116	17,805
26	Telegraph and telephone lines	2,732	831
27	Signals and interlockers	2,049	1,380
37	Roadway machines	813	478
38	Roadway small tools	240	120
44	Shop machinery	150	78
	Total, 1, and 3 to 47, inclusive	423,986	352,602
	III. GENERAL EXPENDITURES		
71	Organization expenses		
72	General officers and clerks		
73	Law		
74	Stationery and printing	6,360	5,279
75	Taxes		
77	Other expenditures, general		
76	Interest during construction	15,062	12,501
	Total, 71 to 77, inclusive	21,422	17,780
	Grand total, 1, and 3 to 77, inclusive	445,408	370,382

Utica, Clinton and Binghamton

Owned but not used, leased to carrier

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	I. ROAD		
1	Engineering	$54,141	$54,141
3	Grading	279,326	278,578
6	Bridges, trestles, and culverts	147,087	115,695
8	Ties	117,984	58,994
9	Rails	163,186	150,068
10	Other track material	62,332	44,489
11	Ballast	49,298	36,972
12	Tracklaying and surfacing	81,592	60,378
13	Right-of-way fences	24,546	12,273
15	Crossings and signs	41,707	33,618
16	Station and office buildings	133,565	92,358
17	Roadway buildings	4,205	2,978
18	Water stations	16,009	10,107
19	Fuel stations	8,632	8,296
20	Shops and engine houses	45,760	43,964
26	Telegraph and telephone lines	6,891	2,535
27	Signals and interlockers	7,028	5,619
32	Power-distribution systems	80	80
36	Paving	7,887	6,490
37	Roadway machines	2,533	1,490
38	Roadway small tools	1,677	839
44	Shop machinery	1,817	960
	Total, 1, and 3 to 47, inclusive	1,257,283	1,020,922
	III. GENERAL EXPENDITURES		
71	Organization expenses		
72	General officers and clerks		
73	Law	18,859	15,464
74	Stationery and printing		
75	Taxes		
77	Other expenditures, general		
76	Interest during construction	57,426	47,089
	Total, 71 to 77, inclusive	76,285	62,553
	Grand total, 1, and 3 to 77, inclusive	1,333,568	1,083,475

Wharton Valley

Owned but not used, leased to carrier

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	I. ROAD		
1	Engineering	$9,629	$9,629
3	Grading	39,830	39,717
6	Bridges, trestles, and culverts	55,130	45,277
8	Ties	20,768	10,386
9	Rails	28,675	25,914
10	Other track material	8,235	5,837
11	Ballast	9,348	7,010
12	Tracklaying and surfacing	14,015	10,231
13	Right-of-way fences	4,099	2,050
15	Crossings and signs	2,349	1,773
16	Station and office buildings	19,914	13,125
17	Roadway buildings	672	528
18	Water stations	3,481	2,378
20	Shops and engine houses	5,267	4,445
26	Telegraph and telephone lines	1,603	849
37	Roadway machines	422	248
38	Roadway small tools	180	90
	Total, 1, and 3 to 47, inclusive	223,617	179,487

Owned but not used, leased to carrier—Continued

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	III. GENERAL EXPENDITURES		
71	Organization expenses		
72	General officers and clerks		
73	Law		
74	Stationery and printing	$3,354	$2,683
75	Taxes		
77	Other expenditures, general		
76	Interest during construction	6,809	5,447
	Total 71 to 77, inclusive	10,163	8,130
	Grand total, 1, and 3 to 77, inclusive	233,780	187,617

ONTARIO, CARBONDALE, AND SCRANTON

All sections, owned but not used, leased to carrier

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	I. ROAD		
1	Engineering	$233,980	$233,980
3	Grading	1,565,354	1,539,567
6	Bridges, trestles, and culverts	1,247,750	1,108,822
8	Ties	415,143	207,575
9	Rails	578,491	536,955
10	Other track material	211,527	158,948
11	Ballast	176,040	132,030
12	Tracklaying and surfacing	325,599	244,199
13	Right-of-way fences	41,496	20,856
14	Snow and sand fences and snowsheds	855	427
15	Crossings and signs	66,641	49,912
16	Station and office buildings	176,307	120,347
17	Roadway buildings	13,922	9,897
18	Water stations	63,700	46,369
19	Fuel stations	24,100	15,951
20	Shops and engine houses	156,023	140,945
26	Telegraph and telephone lines	31,116	21,950
27	Signals and interlockers	38,794	31,233
32	Power-distribution systems	5,127	3,934
33	Power-line poles and fixtures	710	558
37	Roadway machines	7,762	4,566
38	Roadway small tools	4,860	2,430
44	Shop machinery	27,248	16,244
45	Power-plant machinery	20,995	16,984
	Total, 1, and 3 to 47, inclusive	5,433,540	4,664,679
	III. GENERAL EXPENDITURES		
71	Organization expenses		
72	General officers and clerks		
73	Law		
74	Stationery and printing	81,503	69,688
75	Taxes		
77	Other expenditures, general		
76	Interest during construction	413,628	353,667
	Total, 71 to 77, inclusive	495,131	423,355
	Grand total, 1, and 3 to 77 inclusive	5,928,671	5,088,034

In New York, owned but not used, leased to the carrier

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	I. ROAD		
1	Engineering	$19,645	$19,645
3	Grading	95,547	94,997
6	Bridges, trestles, and culverts	244,056	227,447
8	Ties	22,852	11,427
9	Rails	26,583	24,889
10	Other track material	13,070	10,249
11	Ballast	7,114	5,335
12	Tracklaying and surfacing	14,344	10,758
13	Right-of-way fences	1,847	923
15	Crossings and signs	1,005	761
16	Station and office buildings	5,740	4,083
17	Roadway buildings	499	310
26	Telegraph and telephone lines	1,545	1,202
27	Signals and interlockers	1,809	1,559
37	Roadway machines	312	184
38	Roadway small tools	226	113
	Total, 1, and 3 to 47, inclusive	456,194	413,882
	III. GENERAL EXPENDITURES		
71	Organization expenses	6,843	6,227
72	General officers and clerks		
73	Law		
74	Stationery and printing		
75	Taxes		
77	Other expenditures, general		
76	Interest during construction	34,728	31,602
	Total, 71 to 77, inclusive	41,571	37,829
	Grand total, 1, and 3 to 77, inclusive	497,765	451,711

In Pennsylvania, owned but not used, leased to carrier

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	I. ROAD		
1	Engineering	$214,335	$214,335
3	Grading	1,469,807	1,444,570
6	Bridges, trestles, and culverts	1,003,694	881,375
8	Ties	392,291	196,148
9	Rails	551,908	512,066
10	Other track material	198,457	148,699
11	Ballast	168,926	126,695
12	Tracklaying and surfacing	311,255	233,441
13	Right-of-way fences	39,649	19,933
14	Snow and sand fences and snowsheds	855	427
15	Crossings and signs	65,636	49,151
16	Station and office buildings	170,567	116,264
17	Roadway buildings	13,423	9,587
18	Water stations	63,700	46,369
19	Fuel stations	24,100	15,951
20	Shops and engine houses	156,023	140,945
26	Telegraph and telephone lines	29,571	20,748
27	Signals and interlockers	36,985	29,674
32	Power-distribution systems	5,127	3,934
33	Power-line poles and fixtures	710	558
37	Roadway machines	7,450	4,382
38	Roadway small tools	4,634	2,317
44	Shop machinery	27,248	16,244
45	Power-plant machinery	20,995	16,984
	Total, 1, and 3 to 47, inclusive	4,977,346	4,250,797

In Pennsylvania, owned but not used, leased to carrier—Continued

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	III. GENERAL EXPENDITURES		
71	Organization expenses		
72	General officers and clerks		
73	Law		
74	Stationery and printing	$74,660	$63,461
75	Taxes		
77	Other expenditures, general		
76	Interest during construction	378,900	322,065
	Total, 71 to 77, inclusive	453,560	385,526
	Grand total, 1, and 3 to 77, inclusive	5,430,906	4,636,323

PECKSPORT CONNECTING RAILWAY

Owned but not used, leased to carrier

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	I. ROAD		
1	Engineering	$4,496	$4,496
3	Grading	24,727	24,727
6	Bridges, trestles, and culverts	10,185	7,657
8	Ties	11,265	5,634
9	Rails	16,626	14,562
10	Other track material	4,682	3,104
11	Ballast	4,049	3,036
12	Tracklaying and surfacing	7,530	5,422
13	Right-of-way fences	4,416	2,208
15	Crossings and signs	4,370	2,746
16	Station and office buildings	10,631	10,250
17	Roadway buildings	590	384
26	Telegraph and telephone lines	288	212
27	Signals and interlockers	163	158
37	Roadway machines	241	142
38	Roadway small tools	153	77
	Total, 1, and 3 to 47, inclusive	104,412	84,815
	III. GENERAL EXPENDITURES		
71	Organization expenses		
72	General officers and clerks		
73	Law		
74	Stationery and printing	1,566	1,268
75	Taxes		
77	Other expenditures, general		
76	Interest during construction	3,179	2,575
	Total, 71 to 77, inclusive	4,745	3,843
	Grand total, 1, and 3 to 77, inclusive	109,157	88,658

ELLENVILLE & KINGSTON

Owned but not used, leased to carrier

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	I. ROAD		
1	Engineering	$39,453	$39,453
3	Grading	173,093	170,193
6	Bridges, trestles, and culverts	110,196	93,658
8	Ties	74,648	37,326
9	Rails	87,701	60,267
10	Other track material	26,096	16,102
11	Ballast	49,822	37,368
12	Tracklaying and surfacing	57,822	37,006
13	Right-of-way fences	21,505	10,755
14	Snow and sand fences and snowsheds	1,297	649
15	Crossings and signs	43,786	37,484
16	Station and office buildings	177,179	126,038
17	Roadway buildings	4,234	3,314
18	Water stations	14,410	10,866
20	Shops and engine houses	4,136	3,191
26	Telegraph and telephone lines	8,794	4,240
35	Miscellaneous structures	18,799	13,770
37	Roadway machines	1,735	1,020
38	Roadway small tools	830	415
44	Shop machinery	650	338
	Total, 1, and 3 to 47, inclusive	916,186	703,453
	III. GENERAL EXPENDITURES		
71	Organization expenses	13,743	10,582
72	General officers and clerks		
73	Law		
74	Stationery and printing		
75	Taxes		
77	Other expenditures, general		
76	Interest during construction	55,796	42,963
	Total, 71 to 77, inclusive	69,539	53,545
	Grand total, 1, and 3 to 77, inclusive	985,725	756,998

PORT JERVIS, MONTICELLO AND SUMMITVILLE

Owned but not used, leased to the carrier

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	I. ROAD		
1	Engineering	$41,076	$41,076
3	Grading	283,377	275,324
6	Bridges, trestles, and culverts	103,354	74,560
8	Ties	99,230	49,618
9	Rails	147,919	135,320
10	Other track material	37,999	27,160
11	Ballast	30,381	22,786
12	Tracklaying and surfacing	66,495	49,206
13	Right-of-way fences	28,332	14,167
14	Snow and sand fences and snowsheds	725	363
15	Crossings and signs	12,192	9,002
16	Station and office buildings	76,310	61,239
17	Roadway buildings	4,075	3,235
18	Water stations	6,406	4,228
20	Shops and engine houses	4,743	3,875
26	Telegraph and telephone lines	7,398	3,250
27	Signals and interlockers	92	58
32	Power-distribution systems	140	125
37	Roadway machines	2,160	1,270
38	Roadway small tools	1,053	527
44	Shop machinery	410	213
	Total, 1, and 3 to 47, inclusive	953,867	776,607

Owned but not used, leased to the carrier—Continued

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	III. GENERAL EXPENDITURES		
71	Organization expenses		
72	General officers and clerks		
73	Law		
74	Stationery and printing	$14, 308	$11, 589
75	Taxes		
77	Other expenditures, general		
76	Interest during construction	58, 091	47, 054
	Total, 71 to 77, inclusive	72, 399	58, 643
	Grand total, 1, and 3 to 77, inclusive	1, 026, 266	835, 250

APPENDIX 2

THE CARRIER

For information respecting the predecessors of the carrier, reference is made to the accounting report hereinbefore mentioned.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The property owned by the carrier on date of valuation was acquired as follows:

	Mileage
Road purchased from the New York and Oswego Midland Railroad Company, Jan. 1, 1880:	
Middletown to Oswego, N. Y	248. 410
Summitville to Ellenville, N. Y	7. 366
Walton to Delhi, N. Y	16. 868
New Berlin Junction to New Berlin, N. Y	22. 416
Total	295. 060
Road constructed, Middletown to Cornwall, N. Y	26. 000
Grand total	321. 060

HISTORY OF CORPORATE FINANCING

The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount of each outstanding on date of valuation.

Class	Issued	Retirements and treasury holdings	Outstanding
Common stock	$58, 113, 982. 84		$58, 113, 982. 84
Preferred stock	2, 000, 000. 00	$1, 996, 000. 00	4, 000. 00
Funded debt	43, 017, 426. 80	12, 889, 426. 80	30, 128, 000. 00
Total	103, 131, 409. 64	14, 885, 426. 80	88, 245, 982. 84

The purposes for which the capital securities were issued and the apparent considerations received therefor appear to have been as follows:

Par value issued	Consideration	Recorded value received
$32, 208, 756. 48	Cash	$28, 945, 327. 23
2, 668, 869. 32	Notes receivable	2, 668, 869. 32
11, 175, 500. 00	Notes payable	10, 423, 103. 45
50, 395, 857. 04	Property acquired	50, 395, 857. 04
4, 484, 100. 00	Equipment	4, 391, 027. 55
98, 326. 80	Interest on equipment notes	98, 326. 80
1, 996, 000. 00	Preferred stock retired	1, 996, 000. 00
100, 000. 00	Funded debt retired	100, 000. 00
4, 000. 00	Sinking fund	4, 000. 00
103, 131, 409. 64	Total	99, 022, 511. 39

The difference of $4,108,898.25 between the par value of securities issued and the recorded amount of considerations received consists of—

Discount	$3, 952, 492. 99
Expense of issuing funded debt	130, 710. 71
Commission	153, 700. 00
	4, 236, 903. 70
Less premiums	128, 005. 45
Net difference	4, 108, 898. 25

This difference, together with a further expense of $542.36 in issuing bonds total $4,109,440.61, was disposed of as follows:

Charged to—	
Investment in road and equipment	$3, 191, 619. 25
Profit and loss	610, 654. 36
Operating expenses	39, 472. 10
Discount on funded debt	395, 700. 35
Total	4, 237, 446. 06
Credited to investment in road and equipment	128, 005. 45
Net charges	4, 109, 440. 61

Of the amount charged to discount on funded debt, $35,987.93 has been amortized through income. The considerations given in the retirements are recorded as follows:

Par value retired	Consideration	Recorded value paid
$2, 096, 000. 00	Funded debt	$2, 096, 000. 00
12, 789, 426. 80	Cash (premium $680,000)	13, 469, 426. 80
14, 885, 426. 80	Total	15, 565, 426. 80

The $680,000 of premium paid was charged to investment in road and equipment.

In addition, the carrier issued and retired short-term notes aggregating $20,489,182.76. Of this amount, $3,176,258.96 represented renewals or matured paper. The recorded considerations received for the remainder of the notes, amounting to $17,312,923.80, and the considerations paid in the retirement thereof, were as follows:

Consideration	Issued	Retired
Cash	$16, 385, 257. 73	$6, 573, 101. 41
Construction	736, 291. 38	
Interest	137, 874. 69	88, 831. 89
Settlement of open accounts	39, 000. 00	137, 515. 00
Settlement of advances	14, 500. 00	25, 000. 00
Notes receivable		7, 000. 00
Four per cent bonds, general mortgage		4, 532, 915. 45
Refunding bonds		5, 890, 188. 00
Accounts receivable		58, 372. 05
Total	17, 312, 923. 80	17, 312, 923. 80

On February 1, 1899, and December 1, 1900, the carrier issued $2,500,000 and $3,500,000 of its gold notes to the Scranton Coal Company and the Elk Hill Coal Company, respectively, taking as collateral a like amount of the coal companies' bonds. On date of valuation, the notes had been paid and the collateral returned to its owners. These notes were issued for the purpose of aiding the coal companies in developing their property.

Increases and decreases in stocks, bonds, or other securities in any reorganization.—No accounting records of the New York and Oswego Midland were obtainable, consequently an exact statement of the increase in securities by the carrier in acquiring the property of that company can not be ascertained. The final report of the New York and Oswego Midland to the engineer of the State of New York states that its outstanding securities, which were retired in the reorganization, consisted of capital stock, $6,800,522.29, and funded debt, $16,073,500; total, $22,874,022.29. The records of the carrier state that $50,295,857.04 of its capital stock was issued in the acquisition of the New York and Oswego Midland's property. Using the figures as reported by the New York and Oswego Midland, the increase in securities in this reorganization would amount to $27,421,834.75.

INVESTMENT IN ROAD AND EQUIPMENT

On date of valuation, the investment in road and equipment account of the carrier showed a balance of $85,101,627.08, which had been established as follows:

Property acquired from—			
New York and Oswego Midland—			
Money outlay		$655, 460. 92	
Common stock issued, par value		57, 725, 287. 02	
Preferred stock issued, par value		2, 000, 000. 00	
Current liabilities assumed		167, 633. 11	
			$60, 548, 381. 05
Less—			
Assessments collected from holders of certain securities for which common stock was exchanged—			
Cash	$6, 760, 560. 66		
Notes receivable	2, 668, 869. 32		
Total		9, 429, 429. 98	

Property acquired from—Continued.

New York and Oswego Midland—Continued.

Less—Continued.

Cash received from sale of capital stock due nonassenting stockholders of the New York and Oswego Midland	$24,980.33	
Securities acquired from the New York and Oswego Midland	100,000.00	
Equipment and material	83,192.58	
		$9,637,602.89
Recorded net purchase price		50,910,778.16
Less book value of preferred stock (par value $24,000) returned to treasury		23,996.25
		50,886,781.91
West Shore and Ontario Terminal Company; terminal property at Weehawken, N. J., and at New York City; money outlay for stock and bonds of the terminal company, as hereinafter explained		702,771.81

Construction:

Recorded expenditures in connection with the construction of about 78 miles of road between Cornwall, N. Y., and Weehawken, N. J., built by the carrier under contract for the West Shore Railroad Company—

Franchises and property acquired—

Jersey City and Albany Railroad—		
Cash paid for franchise	$250,000.00	
Cash paid for stock and bonds	800,833.46	
Current liabilities assumed	28,176.86	
Total	1,079,010.32	
North River Railway—		
Cash advances canceled	89,500.00	
Cash paid for capital stock	822.00	
Total	90,322.00	
Construction:		
Money outlay	10,021,488.97	
Stock of the West Shore Railroad Company	20,000.00	
Funded debt issued by the carrier	100,000.00	
Notes payable issued by the carrier	736,291.38	
Total	10,877,780.35	
Total recorded expenditures	12,047,112.67	
Less cash proceeds from sale of $10,000,000 of bonds of the West Shore Railroad Company, received by the carrier in payment for construction of the 78 miles of road	5,072,460.94	
		6,974,651.73

Additions and betterments:		
Road, money outlay		$9, 800, 192. 36
Equipment—		
Money outlay	$6, 959, 071. 32	
Equipment notes	4, 391, 027. 55	
	11, 350, 098. 87	
Less retirements	1, 151, 782. 70	
		10, 198, 316. 17
Total of above items		78, 562, 713. 98
Other items, not in accordance with the present classification of accounts:		
Debits—		
Improvement on leased railway property	2, 948, 235. 46	
Cost of noncarrier land	3, 889. 93	
Discount sustained on securities issued	3, 191, 619. 25	
Premium paid on securities retired	680, 000. 00	
Rental of leased road	263, 341. 83	
	7, 087, 086. 47	
Credits—		
Premium realized on securities issued	128, 005. 45	
Profit on exchange of securities	48. 75	
Interest on open account	35, 119. 17	
Profit on bond option	20, 000. 00	
Discount on investment securities purchased below par value but taken into the accounts at par value	225, 000. 00	
Receipts under claims against the New York Central Railroad Company (no details)	140, 000. 00	
	548, 173. 37	
Net debits		6, 538, 913. 10
Total recorded as of date of valuation		85, 101, 627. 08

The investment account as above stated contains the following charges to which attention is called:

Recorded net expenditures in connection with the construction of about 78 miles of road built by the carrier under contract for the West Shore Railroad Company	$6, 974, 651. 73
Recorded expenditures for the terminal property of the West Shore Railroad Company, and Ontario Terminal Company, located at Weehawken and New York City	702, 771. 81

According to its accounting records, the carrier incurred costs to an aggregate of $12,047,112.67 in connection with the construction of the 78 miles of road that it built under contract for the West Shore Railroad Company. This contract was originally made with the predecessor of that company, the North River Railway Company, a company projected by the carrier for the purpose of building the 78 miles, which, under the contract, was to be leased upon completion to the carrier. These costs were charged by the carrier to its investment in road and equipment. The carrier received in payment for this work $10,000,000 of the West Shore Railroad Company's bonds, which it later sold for $5,072,460.94 in cash crediting the proceeds to the cost of construction and leaving a net charge of $6,974,651.73 in the investment account. This charge is summarized as follows:

Recorded cost of obtaining franchises and property of the North River Railway Company and the Jersey City and Albany Railroad Company, both comprised within the 52 miles between Cornwall, N. Y., and Weehawken, N. J.	$1, 169, 332. 32
Recorded cost of constructing about 52 miles of road from Cornwall, N. Y., to Weehawken, N. J.	8, 524, 572. 18
Recorded cost of constructing 26 miles of road from Cornwall to Middletown, N. Y.	1, 727, 423. 40
Recorded expenditures applied to the entire 78 miles of road	625, 784. 77
Gross charges	12, 047, 112. 67
Less cash proceeds from sale of $10,000,000 of bonds of the West Shore Railroad Company received in payment for construction of the 78 miles of road	5, 072, 460. 94
Net charges	6, 974, 651. 73

Under an agreement dated January 1, 1886, and modified by later agreement dated January 18, 1888, between the carrier and the West Shore Railroad Company, the carrier obtained sole possession of the 26 miles from Cornwall to Middletown, N. Y., but no changes were made in its investment in road and equipment account, which thus does not correctly show the carrier's investment in that strip of road. The only consideration in connection with this 26 miles of road for which a definite amount is recorded is that of the securities of the West Shore Railroad Company and Ontario Terminal Company, of which the cost is recorded as $702,771.81, but the value of which at the time of the contract is not recorded.

If the credits in the "other items" were restored, if the debits therein were eliminated, if the charges representing the loss on the sale of the bonds received in payment for construction of the 78 miles and representing the cost of securities of the Ontario Terminal Company, also, were eliminated, and if there be added the book value, $702,771.81 of the only recorded consideration given for the 26 miles of road acquired under the contract of 1886, and 1888, for which an amount is reported, and if all the other items were taken at their recorded amounts, the balance in the account would become $71,588,062.25, as follows:

Balance of the account in the books of the carrier, purporting to represent its investment in road and equipment on date of valuation		**$85, 101, 627. 08**
From which deduct—		
The debits in "other items", as already explained	**$7, 087, 086. 47**	
Recorded net cost of constructing 78 miles of road, as already explained	**6, 974, 651. 73**	
Recorded cost of stock and bonds of the Ontario Terminal Company	**702, 771. 81**	
		14, 764, 510. 01
Leaving		**70, 337, 117. 07**

To which add—		
The credits in "other items", as already explained	$548, 173. 37	
Stock and bonds of the Ontario Terminal Company, given in part consideration for the 26 miles of road, which securities were acquired at a recorded cost of	702, 771. 81	
		$1, 250, 945. 18
Balance of recorded determinable items applicable to investment in road and equipment		71, 588, 062. 25

This balance, so far as it is resolvable into its constituent elements, would comprise the following:

Recorded money outlay	$17, 414, 724. 60
Current liabilities assumed	167, 633. 11
Equipment notes, par value	4, 391, 027. 55
Common stock, par value	57, 725, 287. 02
Preferred stock, par value	2, 000, 000. 00
Investment securities transferred, recorded value	702, 771. 81
Total	82, 401, 444. 09
Less deductions not assignable specifically to any one or more of the above classes of considerations:	
Cash realized from sale of certain assets obtained in connection with the acquisition of the property of the New York and Oswego Midland	208, 172. 91
Proceeds of assessments on holders of certain securities of the New York and Oswego Midland, for which common stock was exchanged—	
Cash	6, 760, 560. 66
Notes receivable	2, 668, 869. 32
Preferred stock returned to treasury at book value of	23, 996. 25
Retirements of equipment	1, 151, 782. 70
Total	10, 813, 381. 84
Balance	71, 588, 062. 25

To this balance should be added undeterminable amounts for the other considerations of record in acquiring the 26 miles of road. On the other hand, this balance may include the cost of noncarrier lands and the cost of lands used partly for carrier and partly for noncarrier purposes, since the carrier has made no charges to miscellaneous physical property.

In addition, the carrier records money outlays purporting to be for additions and betterments amounting to $1,517,792.59, of which $62,646.24 was charged to income during the year 1899, and $1,455,146.35 to profit and loss during the years 1903 and 1904. In the absence of detail concerning the circumstances under which these charges were made, they have not been added to the other data. On the other hand, it is not known whether there should be further deductions for property retired or abandoned other than that noted, the carrier not having made any return of abandoned property.

ORIGINAL COST TO DATE

No accounting records were found for the New York and Oswego Midland which constructed the 295 miles of road acquired from it by the carrier, and the cost of constructing the 26 miles of road acquired by the carrier from the West Shore Railroad Company can not be entirely segregated in the records from the cost of constructing the entire 78 miles, of which it was a part. The data thus include only the segregated cost of constructing the 26 miles acquired from the West Shore Railroad Company, inseparable costs applicable to the 78 miles as a whole, the cost of additions and betterments made by the carrier to all its property, and the recorded cost of equipment. These data are summarized as follows:

Road:	
Recorded cost of constructing 26 miles between Cornwall and Middletown, N. Y., inseparable between money outlay and other forms of outlay	$1, 727, 423. 40
Additions and betterments, charged to investment in road and equipment, money outlay	9, 800, 192. 36
Equipment:	
Verified cost of 6,222 out of 6,989 units of equipment, inseparable between money outlay and other forms of consideration	10, 054, 042. 33

The above outlays comprise the following elements: Money outlay, $9,800,192.36; inseparable between money outlay and other forms of consideration, $11,781,465.73. To these should be added an undeterminable part assignable to the 26 miles of road of $625,784.77 expended on the 78 miles as a whole, of which the 26 miles were a part. There should also be added the unknown cost of 767 units of equipment, and of additions and betterments to all equipment, all estimated by the carrier at $1,151,422.18. On the other hand, these data may include some costs of noncarrier lands and of lands used partly for carrier and partly for noncarrier purposes, hereinbefore referred to.

In addition, the carrier records money outlays purporting to be for additions and betterments amounting to $1,517,792.59, of which $62,646.24 was charged to income during the year 1899 and $1,455,146.35 to profit and loss during the years 1903 and 1904. In the absence of details concerning the circumstances under which these charges were made, they have not been added to the above data. On the other hand, it is not known whether there should be further deductions for property retired or abandoned, other than that noted.

On the original cost of the property acquired from the New York and Oswego Midland, for which no accounts have been found, the only information is the report of that company to the engineer of the State of New York published in the State engineer's annual report for the year ended June 30, 1879. This states the total cost of road, exclusive of equipment, to have been $22,309,696.89, but the nature of the reported outlays is not shown and the amount includes the cost of about 27 miles between Elmira, and Cortland, N. Y., which had been sold under foreclosure proceedings before the remainder was acquired by the carrier.

Cost of equipment.—The carrier reports the cost of equipment on hand on date of valuation as follows:

Steam locomotives	212	$3, 124, 039. 16
Freight-train cars	6, 306	5, 572, 528. 71
Passenger-train cars	326	1, 695, 873. 81
Floating equipment	43	560, 094. 15
Work equipment	206	313, 080. 21
Total	7, 093	11, 265, 616. 04

The return includes 106 freight-train cars, with costs of $60,151.53, which were not inventoried as in service on date of valuation. These costs are divided as follows:

52 cars with actual costs of	$24, 871. 35
54 cars with estimated costs of	26, 376. 42
Estimated costs of additions and betterments	8, 903. 76
Total	60, 151. 53

Our inventory includes two freight-train cars which were not reported by the carrier.

A summary of these returns, showing the result of a check there of and the number of units inventoried, follows.

Class	Units	Supported by accounting records	Estimates of carrier
Steam locomotives	212	$2, 921, 292. 58	$202, 746. 58
Freight-train cars	6, 200	4, 892, 487. 21	619, 889. 97
Freight-train cars	2	Unknown.	
Passenger-train cars	326	1, 497, 035. 64	198, 838. 17
Floating equipment	43	559, 244. 15	850. 00
Work equipment	206	183, 982. 75	129, 097. 46
Total	6, 989	10, 054, 042. 33	1, 151, 422. 18

Cost of roadway machines.—The carrier reports 372 units of roadway machines on hand on date of valuation, as having cost in the aggregate $35,417.32. The number of units checks with our inventory. Of the costs reported, $23,549.45 were supported by accounting records and $11,867.87 were estimates of the carrier.

Cost of shop machinery.—The carrier reports 969 units of shop machinery on hand valued at $307,636.62. The number of units checks with our inventory. A check of the return of the carrier shows verified costs amounting to $256,289.47 and estimates of $44,283.62, which, together with additions and betterments amounting to $7,063.53, results in a total of $307,636.62.

Cost of shop machinery small tools.—The carrier also reported 69,438 units of shop machinery small tools on hand valued at $178,207.29. Of the costs reported, $96,816.28 were supported by accounting records and $81,391.01 were estimated.

Power-plant machinery.—The carrier reports 134 units of power-plant machinery on hand valued at $122,306.13. The number of units checks with the inventory, but the cost of 2 hot-water heaters is overstated by $100 and the cost of 2 electric generators, amounting to $2,454, is duplicated in the return. Of the costs reported, $98,034.78 was supported by accounting records, $14,571.48 was estimated by the carrier, and additions and betterments amounted to $7,145.87, a total of $119,752.13.

Power-plant machinery small tools.—The carrier also reported 418 units of power-plant machinery small tools on hand valued at $820.63. Of the costs reported, $521.73 was supported by accounting records and $298.90 estimated by the carrier.

Cost of lands.—The carrier reports the original cost of all lands owned, including both carrier and noncarrier lands, as $1,310,347.67, and that the proceeds from the sale of parcels of such lands aggregate $12,133.17. In verifying the returns $51,517.88 was deducted as not constituting land costs. The resulting balance of $1,258,829.79, made up in part of costs supported by accounting records and in part of substantial deed considerations and other amounts which the carrier claims to represent costs but which are not supported by accounting records, may be summarized as follows:

Classification	As a whole	In New York	In New Jersey
Lands devoted wholly to carrier purposes, owned and used:			
Costs supported by accounting records	$425, 598. 62	$408, 589. 62	$17, 009
Substantial deed considerations	636, 422. 72	636, 422. 72	
Less the indeterminable cost of parts of parcels sold for proceeds of	12, 133. 17	12, 133. 17	
Owned jointly and used jointly:			
Substantial deed considerations	716. 66	716. 66	
Owned but partly used by other carrier:			
Substantial deed considerations	30, 450. 00	30, 450. 00	
Owned but used by other carrier:			
Substantial deed considerations	17, 013. 00	17, 013. 00	
Rights in public domain, owned and used; costs supported by accounting records	40, 562. 00	40, 562. 00	
Rights in private lands, owned and used; costs supported by accounting records	7, 191. 00	7, 191. 00	
Lands devoted wholly to noncarrier purposes, owned:			
Costs supported by accounting records	3, 889. 93	3, 889. 93	
Substantial deed considerations	50, 367. 86	50, 367. 86	
Owned jointly:			
Substantial deed considerations	1, 040. 00	1, 040. 00	
Rights in private lands devoted to noncarrier purposes, owned; costs supported by accounting records	60. 00	60. 00	
Lands devoted partly to carrier and partly to noncarrier purposes, owned:			
Costs supported by accounting records	28, 278. 00	4, 500. 00	23, 778
Substantial deed considerations	17, 240. 00	17, 240. 00	

LEASED RAILWAY PROPERTY

The carrier used on date of valuation property owned by other companies and other companies used property owned by the carrier to the extent indicated in the statement below. The description of the property and period and terms of use and the rentals accrued and charged or credited to income for the year ending on date of valuation are as follows:

	Rentals
Solely owned but jointly used, used with—	
Erie Railroad Company—	
Tracks, 3.08 miles, from Middletown to Crawford Junction, N. Y.; 50 cents per train mile for 10 cars or less, extra cars 5 cents each per train-mile	$2, 280. 75
Tracks, 2.12 miles, from Northwest Junction to Northwest Colliery, Pa.; 24 cents per ton hauled	
The Delaware, Lackawanna & Western Railroad Company—	
Tracks, 3.91 miles, from Dickson to Diamond Crossing, Pa.; $1 per mile for running pay car over track	
Terminal facilities, Utica, N. Y.; annual rental of $1,000 and proportion of expense of handling trains in and out	1, 538. 95
The New York Central Railroad Company—	
Tracks, 12.23 miles, from Fulton to Oswego, N. Y.; the New York Central receives 50 per cent of passenger, freight, and express revenue, less the carrier's tickets honored on the New York Central's trains; latter pays 10 cents per mile for non-revenue movements, and $240 per annum for salary of crossing flagman at Fulton	7, 416. 35
Terminal facilities, Central Square, N. Y.; annual rental $78	50. 64
Terminal facilities, Earlville, N. Y.; annual rental $360	234. 00

Solely owned but jointly used, used with—Continued	Rentals
The Lehigh and Hudson River Railway Company; terminal facilities, Burnside, N. Y.; one-half of agent's salary, two-thirds of switchman's salary, and one-half cost of light and heat	$1, 208. 46
Middletown and Unionville Railroad Company; terminal facilities, Middletown, N. Y.; annual rental $180	--------
Delaware & Northern Railroad Company; terminal facilities, East Branch, N. Y.; one-fourth of station employees' and flagmen's salaries, one-half of freight transfermen's wages, and one-half cost of heat and light	947. 74
The Delaware and Hudson Company; yards at Jermyn, Pa.; one-half of employees' salaries	40. 00
Lehigh Valley Railroad Company; yards at Fish Creek, N. Y.; 23/35 of expenses, maintenance, and operation of interlocking system	--------
New York, Susquehanna and Western Railroad Company; crossing gates at Olyphant, Pa.; proportion of maintenance	--------
Solely used but not owned, leased from—	
Utica, Clinton and Binghamton and the Rome and Clinton; entire properties; both properties leased in perpetuity to The Delaware and Hudson Company and subleased to the carrier for 35 years from June 1, 1886; annual rental, $75,000 per annum to Apr. 30, 1908; thereafter 30 per cent of the gross earnings per annum; amount paid for year ended on date of valuation	65, 768. 14
Wharton Valley; entire property; leased for 99 years from Oct. 1, 1888; annual rental $3,750; carrier owns entire capital stock	3, 750. 00
Ontario, Carbondale and Scranton; entire property; leased for 99 years from June 1, 1890; annual rental $75,000, and $600 per annum for organization expenses; carrier owns entire capital stock	75, 600. 00
Ellenville & Kingston; entire property; leased for 50 years from July 1, 1905; annual rental $26,000, and organization expenses not to exceed $500 per annum; Carrier owns entire capital stock	26, 000. 00
Port Jervis, Monticello and Summitville; entire property; leased for 50 years from July 1, 1905; annual rental $18,000, and organization expenses not to exceed $500 per annum; carrier owns entire capital stock	18, 000. 00
Peckport Connecting Railway; entire property; controlled by carrier through ownership of entire capital stock; carrier includes results of operations in its own income account and maintains the property	--------
West Shore Railroad Company (The New York Central Railroad Company, lessee); land and 4.78 miles of track at Weehawken, N. J.; leased from June 1, 1911, for one year and thereafter until 90 days' notice by either party to cancel lease; annual rental $14,910	14, 910. 00

	Rentals
Jointly used but not owned, owned by—	
The New York Central Railroad Company—	
Terminal facilities and 53.07 miles of track at Weehawken and New York City; 20 cents per passenger-train mile and 2.5 cents extra per passenger-car mile; 30 cents per freight-train mile and .75 cent extra per freight-car mile; 50 per cent of passenger revenue collected on carrier's trains between Cornwall, N. Y., and Weehawken, N. J.; compensation for terminal facilities based on various rates per ton handled; amount paid $173,261.65	$42, 269. 41
Crossing tracks, Central Square, N. Y.; 10/29 of all expenses at interlocking tower	---------
Crossing tracks, Clark Mills, N. Y.; 6.58 of all expenses at interlocking tower	22. 56
Tracks, Pier 1 to Pier 6, Oswego, N. Y.; annual rental $175	121. 35
Terminal facilities, Cornwall, N. Y.; compensation based on business handled	---------
Terminal facilities, Oneida Castle, N. Y.; one-half of station agent's and one-third of baggage master's salaries, plus cost of taxes, insurance, heat, supplies, etc	37. 60
Terminal facilities, Utica, N. Y.; 50 per cent of expense of handling cars in and out	657. 40
Engine house, Weehawken, N. J.; annual rental $2,000	500. 00
Signals, Utica, N. Y.; 8.10 per cent of expenses of operation	---------
The Delaware and Hudson Company—	
Crossing tracks, Sidney, N. Y.; 50 per cent of maintaining and operating interlocking system	---------
Terminal facilities, Sidney, N. Y.; based on ticket sale and tonnage hauled	158. 83
Crossing tracks, Dickson, Pa.; 50 per cent of maintaining and operating interlocking system	---------
Yard, Jermyn, Pa.; 50 per cent of maintenance and interest on valuation	1, 003. 60
New York, Susquehanna and Western R. R. Co.; tracks, 0.03 mile, Winton branch to Riverside branch, Pa., annual rental $10	7. 50
Jointly used but not owned, owned by—	
The Delaware, Lackawanna & Western Railroad Company; tracks, 0.70 mile, Mt. Jessup Colliery to Winton, Pa., and 0.67 mile, Pine Brook Colliery to Diamond Crossing, Pa.; 8 cents per ton when handled by the carrier's power; 12 cents per ton when handled by the Delaware, Lackawanna & Western's power	1, 829. 90
Erie Railroad Company; terminal facilities, Port Jervis, N. Y.; 50 per cent on ticket sales and excess baggage collections	247. 87
The Central Railroad Company of New Jersey; terminal facilities, Scranton, Pa.; percentage of tonnage handled and ticket sales; also interest on valuation	7, 673. 21
Central New England Railway Company; yards, Maybrook, N. Y.; percentage of tonnage handled and interest on cost of transfer platform	60. 92

	Rentals
Jointly owned and used; owned by the carrier, Central New England Railway Company, and Lehigh and New England Railroad Company, one-third each; used with Central New England Railway Company and The New York Central Railroad Company; passenger station at Campbell Hall, N. Y.; Central New England Railway pays one-third of station salaries and one-third cost of heat and light; the New York Central pays proportion of heat and light	$852.84

IMPROVEMENTS ON LEASED RAILWAY PROPERTY

The carrier leases, in perpetuity, 1.5 miles of its road, together with station and yard facilities, in the city of Middletown, N. Y., to the Middletown and Unionville Railroad Company, reserving the right to joint use. At the date of valuation the latter used the entire property and the former used a portion thereof. Under the terms of the lease the lessee pays no rental but does pay the cost of maintenance.

The carrier's recorded expenditures for improvements on leased railway property amount to $3,005,107.31, of which $2,948,235.46 has been charged to investment in road and equipment and $56,871.85 to improvements on leased railway property. The expenditures are divided among the leased lines as follows:

Rome and Clinton; Utica, Clinton and Binghamton	$285,884.73
Ontario, Carbondale and Scranton	2,633,332.58
Ellenville & Kingston	36,368.46
Port Jervis, Monticello and Summitville	49,521.54
Total	3,005,107.31

INVESTMENTS IN OTHER COMPANIES

The carrier owns certain securities of other companies which are held for noncarrier purposes. The consideration in their acquirement has been cash. Following is a summary of noncarrier property owned:

	Par value	Book value
Stocks:		
Anthracite Water Company	$5,000.00	$5,000.00
Elk Hill Coal and Iron Company	240,000.00	241,871.30
Ellenville & Kingston	300,000.00	300,000.00
Ontario, Carbondale and Scranton	1,500,000.00	1,500,000.00
Pecksport Connecting Railway	40,000.00	40,000.00
Port Jervis, Monticello and Summitville	110,000.00	110,000.00
Scranton Coal Company	45,000.00	45,266.67
Wharton Valley	70,000.00	70,000.00
Total	2,310,000.00	2,312,137.97
Bonds:		
Elk Hill Coal and Iron Company	2,400,000.00	2,400,000.00
Ellenville & Kingston	650,000.00	650,000.00
Ontario, Carbondale and Scranton	1,500,000.00	1,500,000.00
Port Jervis, Monticello and Summitville	450,000.00	450,000.00
Scranton Coal Company	1,170,000.00	1,170,000.00
Total	6,170,000.00	6,170,000.00
Miscellaneous investments; Riverside Coal Company	68,877.35	68,877.35
Advances to affiliated companies; Pecksport Connecting Railway	40,060.50	40,060.50
Grand total	8,588,937.85	8,591,075.82

RESULT OF CORPORATE OPERATIONS

Income account.—The income account of the carrier for the year ended on date of valuation and for the period from February 1, 1880, to date of valuation, is stated as follows:

	Year	Period
Operating income:		
Railway operating revenues	$8, 942, 251. 83	$180, 556, 017. 95
Railway operating expenses	6, 202, 921. 98	129, 133, 592. 41
Net revenue from railway operations	2, 739, 329. 85	51, 422, 425. 54
Railway tax accruals	259, 923. 15	4, 764, 127. 60
Uncollectible railway revenue	1, 543. 73	1, 598. 86
Railway operating income	2, 477, 862. 97	46, 656, 699. 08
Nonoperating income:		
Hire of equipment	26, 933. 05	77, 689. 02
Joint-facility rent income	14, 996. 09	160, 553. 63
Miscellaneous rent income	7, 715. 53	46, 528. 02
Separately operated property, profit		61, 899. 95
Dividend income		17, 788. 62
Income from funded securities	124, 173. 34	6, 886, 043. 03
Income from unfunded securities and accounts	14, 407. 42	121, 956. 21
Total	188, 225. 43	7, 372, 459. 08
Gross income	2, 666, 088. 40	54, 029, 158. 16
Deductions from gross income:		
Hire of equipment	196, 130. 79	1, 266, 754. 43
Joint-facility rents	54, 600. 05	764, 683. 84
Rent for leased road	204, 028. 14	5, 742, 576. 32
Miscellaneous rents	12, 099. 14	98, 632. 99
Interest on funded debt	1, 204, 296. 67	22, 114, 661. 56
Interest on unfunded debt		2, 282, 454. 49
Amortization of discount on funded debt	11, 055. 33	35, 987. 93
Miscellaneous income charges		12, 319. 43
Additions and betterments to road and equipment		62, 646. 24
Total	1, 682, 210. 12	32, 380, 717. 23
Net income	983, 878. 28	21, 648, 440. 93
Disposition of net income; dividend appropriations of income	581, 281. 00	9, 589, 908. 50
Income balance transferred to credit of profit and loss	402, 597. 28	12, 058, 532. 43

If certain delayed income items in the profit and loss account were transferred to the income statement for the entire period, the balance carried to the credit of profit and loss would be decreased by the net amount of $83,198.94, or from $12,058,532.43 to $11,975,333.49. Income was charged with $62,646.24, purporting to be for additions and betterments to road and equipment. However, in the absence of information as to the circumstances under which this was charged to income rather than to investment in road and equipment, it has not been transferred to the investment in road and equipment account.

Profit and loss account.—The profit and loss account of the carrier, on date of valuation, is stated as follows:

Debits:		
Dividend appropriation of surplus		$1, 982, 592. 00
Debt discount extinguished through surplus		610, 112. 00
Loss on retired road and equipment—		
Road	$86, 666. 63	
Equipment	864, 980. 80	
		951, 647. 43

Debits—Continued.		
Delayed income debits—		
Railway operating expenses, net	$204, 430. 22	
Railway tax accruals, net	55, 736. 24	
Joint-facility rents, net	4, 818. 51	
Rent for leased road	20, 158. 34	
Interest on funded debt	12, 125. 45	
Interest on unfunded debt	25, 083. 69	
		$322, 352. 45
Miscellaneous debits—		
Expenditures for physical property	1, 455, 146. 35	
Depreciation on equipment prior to 1907	445, 230. 90	
Additions and betterments, items under $200 each	10, 540. 56	
Judgment account of second track at Fulton, N. Y	11, 379. 48	
"Transfer of construction expenditures" (no details)	16, 465. 72	
Additions and betterments to road and equipment (not separable)	8, 187. 45	
Loss of option on Peck Coal lands	104, 152. 16	
Loss on land sold to Elk Coal Company	94, 081. 79	
Interest paid on bonds of Elk Ridge Coal Company	14, 025. 00	
Advances to Kingston and Rondout Valley Railway Company written off	63, 635. 00	
Adjustment of material and supplies account, net	13, 216. 09	
Expense of bond issue	542. 36	
Uncollectible accounts written off	93, 966. 74	
Other miscellaneous debits	49, 886. 90	
		2, 380, 456. 50
Total		6, 247, 160. 38
Credits:		
Credit balance transferred from income		12, 058, 532. 43
Unrefundable overcharges		1, 403. 38
Delayed income credits—		
Railway operating revenue, net	31, 313. 55	
Hire of equipment, net	13, 932. 10	
Miscellaneous rents	24, 464. 47	
Dividend income	139. 52	
Income from funded securities	106, 755. 15	
Release of premium on funded debt	38, 321. 18	
Miscellaneous income	24, 227. 54	
		239, 153. 51
Donations, cash donation received by the Wharton and transferred to the carrier		20, 000. 00

Credits—Continued.

Miscellaneous credits—		
Difference between cost of constructing the Wharton and securities received	$34, 205. 57	
Difference between cost of constructing the Hancock and Pennsylvania Railroad and securities received	147, 326. 63	
Profit from sale of investment securities	97, 996. 13	
Profit from sale of Weehawken Railroad	6, 892. 06	
Unclaimed wages	9, 269. 54	
Unredeemed checks	25. 32	
		$295, 715. 25
Total		12, 614. 804. 57
Credit balance on date of valuation		6 3 7 6 4 1)

The investment in road and equipment account of the carrier is charged with $6,974,651.73, the net loss on the construction of 78 miles of road for the West Shore Railroad Company after the sale of certain bonds of the West Shore Railroad Company received in compensation for such construction as hereinafter explained. This loss should have been charged to profit and loss. However, the carrier subsequently acquired 26 miles of this road. Since, therefore, the part of this loss assignable to the 26 miles acquired may, in one view of all the facts, be considered as an additional item of the carrier's investment in the 26 miles, although not expressly recorded as a part consideration therefor, and since, in that interpretation of the facts, only the remainder of the original loss should be added to the debit in profit and loss, no definite adjustment of the recorded profit and loss has been here made.

The carrier charged to profit and loss certain expenditures to the amount of $1,455,146.35, purporting to be for additions and betterments to road and equipment. However, in the absence of information as to the circumstances under which this was charged to profit and loss rather than to investment in road and equipment, it has not been transferred to the investment in road and equipment account.

Rome and Clinton

The accounting records of the Rome and Clinton prior to 1909 were not obtainable. The information contained in this report was obtained from its minute books and its reports to this commission.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The Rome and Clinton was built by contract. Construction was commenced in June, 1870, and the road was completed and opened for operation on June 15, 1872.

ORIGINAL COST TO DATE

The original cost to date of the property of the Rome and Clinton can not be ascertained. The carrier records money outlays amounting to $275,724.01 for improvements to this property and that of the Utica, Clinton and Binghamton, but the amount assignable to the property of the Rome and Clinton can not be stated.

Cost of lands.—The Rome and Clinton reports the original cost of all lands owned as $83,715.23. In verifying the returns $9,983.25 was deducted as not constituting land costs. The resulting balance of $73,731.98, made up in part of costs supported by accounting records and in part of substantial deed considerations which are claimed to represent costs but are not supported by accounting records, may be summarized as follows:

Lands devoted wholly to carrier purposes, owned, leased to the carrier:	
Costs supported by accounting records	$13, 921. 71
Substantial deed considerations	52, 500. 27
Rights in public domain, owned, leased to the carrier; costs supported by accounting records	1, 310. 00
Rights in private lands, owned, leased to the carrier; costs supported by accounting records	6, 000. 00

Cost of machinery and equipment.—The Rome and Clinton reports that it owns shop machinery small tools, with costs aggregating $137.94. Of the costs reported, $106.51 is supported by accounting records and $31.43 were estimated. This shop machinery small tools is used by the carrier, under lease.

LEASED RAILWAY PROPERTY

The property of the Rome and Clinton and that of the Utica, Clinton and Binghamton is leased in perpetuity to The Delaware and Hudson Company. The carrier subleased the two properties for a period of 35 years from June 1, 1886. From the latter date to April 30, 1908, the stipulated rental for both roads was $75,000 per annum, and thereafter 20 per cent of the gross earnings. The recorded rental paid by the carrier for the year ended on date of valuation amounted to $65,768.14.

RESULT OF CORPORATE OPERATIONS

Income account.—The income account of the Rome and Clinton for the year ended on date of valuation and for the period from July 1, 1890, to date of valuations, is stated as follows:

	Year	Period
Income from lease of road	$22, 375. 00	$612, 475. 00
Railway tax accruals	215. 40	2, 472. 96
Nonoperating income	22, 159. 60	610, 002. 04
Deductions from nonoperating income:		
Miscellaneous rents		10, 800. 00
Maintenance of investment organization	422. 00	10, 943. 34
Miscellaneous income charges		1, 702. 60
Total	422. 00	23, 445. 94
Net income	21, 737. 60	586, 556. 10
Disposition of net income; dividend appropriations of income	21, 580. 70	585, 988. 71
Income balance transferred to credit of profit and loss	156. 90	567. 39

Profit and loss account.—The profit and loss account of the Rome, on date of valuation, is stated as follows:

Credit balance at June 30, 1899 (no details)	$14, 911. 41
Credit balance transferred from income	567. 39
Miscellaneous credits	355. 65
Credit balance at date of valuation	15, 834. 45

Utica, Clinton and Binghamton

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

On date of valuation, the Utica, Clinton and Binghamton owned 31.269 miles of single-track, standard-gauge, steam railroad, extending from a connection with the carrier at Randallsville to Utica, N. Y., and 9.530 miles of street car lines located in the city of Utica and adjacent thereto, all of which were acquired by construction.

The steam road was built under contract, the terms of which were not obtainable, nor was the date on which construction was begun ascertainable. About 27 miles of the road from Randallsville to New Hartford was completed on September 26, 1870, and about 4 miles between New Hartford and Utica was completed on January 15, 1872. The sections were opened to traffic on the respective dates of completion. The street car line was constructed and put in operation prior to the opening of the steam road. On December 1, 1886, the street car line owned by the Utica, Clinton and Binghamton was leased to the Utica Belt Line Street Railroad Company, and since that date the former has not operated any railroad property.

HISTORY OF CORPORATE FINANCING

The accounting records of the Utica, Clinton and Binghamton prior to July 1, 1909, were not obtainable. On that date it opened a set of accounts based on information secured from its reports to us prior to the above date. The information contained herein was obtained from these reports, from the company's reports to the New York Railroad Commissioners, and from its obtainable accounting records.

Capital stock and long-term debt.—The capital stock and the several classes of long-term debt issued and retired are here stated along with the amount of each outstanding on date of valuation:

Class	Issued	Retirements	Outstanding
Capital stock:			
Common stock	$649,285	$61	$649,224
Debenture stock	200,000		200,000
Funded debt:			
First-mortgage 20-year 7 per cent bonds, due Jan. 1, 1886 (life extended to 1890, at 6 per cent)	200,000	200,000	
First-mortgage 20-year 7 per cent bonds, due Jan. 1, 1890	300,000	300,000	
Second-mortgage 20-year 7 per cent bonds, due Jan. 1, 1890	200,000	200,000	
Third-mortgage 10-year 7 per cent bonds, due Jan. 1, 1882 (life extended to 1890, at 6 per cent)	100,000	100,000	
First-mortgage 50-year 5 per cent bonds, due July 1, 1939	800,000		800,000
Total	2,449,285	800,061	1,649,224

Capital stock.—The capital stock issued consisted of $649,100 of common stock which is entitled to dividends, $185 of scrip not entitled to dividends, and $200,000 of debenture stock with guaranteed annual dividends of 5 per cent. The considerations received for the common stock and scrip were not ascertainable. The debenture stock was issued to the city of Utica in exchange for $200,000 of its bonds, which the Utica disposed of at a reported discount of $6,000. The discount was charged to investment in road and equipment. The $61 of stock retired represents scrip, purchased for $45. The profit of $16 was credited to profit and loss.

Funded debt.—The considerations received for the first four issues of bonds could not be ascertained. The Utica, Clinton and Binghamton reports discounts and commissions in connection with the second and third issues amounting to $37,092.29, which were charged to investment in road and equipment. The bonds outstanding were exchanged at face value for the first four issues, which were retired. The reported expenditures in connection with the issue of outstanding bonds amount to $25,051.45, representing commissions and legal expenses. This amount was charged to profit and loss.

INVESTMENT IN ROAD AND EQUIPMENT

Prior to October 1, 1883, the expenditures for the steam road and the expenditures for the street car line were reported separately. The reported balance in the investment in steam road and equipment account at September 30, 1883, amounted to $1,422,812.14, divided as follows:

Reported cost of road at Sept. 30, 1876 (considerations unknown):		
Reported expenditures by the Utica, Clinton and Binghamton—		
Engineering and agencies	$18, 623. 64	
Lands, land damages and fences	268, 246. 96	
Reported payments to contractors for—		
Grading and masonry; Bridges; Superstructure, including iron; Passenger and freight stations, buildings and fixtures; Engine and car houses, machine shops, machinery and fixtures	947, 607. 99	
		$1, 234, 478. 59
Additions and betterments to road (considerations unknown):		
Reported expenditures during the year ended September, 1879	1, 467. 50	
Reported expenditures during year ended Sept. 30, 1880 (no details)	60, 235. 00	
Right-of-way mortgage	4, 500. 00	
		66, 202. 50
Reported cost of equipment at Sept. 30, 1883		65, 038. 81
Total		1, 365, 719. 90
Other charges:		
Discounts and commissions in the issue of funded debt	43, 092. 29	
Officers' salaries for seven years, including legal services, counsel fees, etc	14, 000. 00	
		57, 092. 29
Total recorded as of Sept. 30, 1883		1, 422, 812. 19

The reported balance in the investment in street car lines at September 30, 1883, amounted to $332,627.29 representing unknown considerations. On date of valuation, the investment in road and equipment account of the Utica, Clinton and Binghamton showed a balance of $1,690,566.40. This amount represents the reported cost of both steam and street-car lines, as follows:

New balance set up in the road and equipment account at Oct. 1, 1883, representing the par value of capital securities outstanding at that date	$1, 639, 285. 00
Reported expenditures for construction of over-head bridge in Utica	51, 281. 40
Total reported investment in steam and street car lines	1, 690, 566. 40

ORIGINAL COST TO DATE

The original cost to date of the property owned by the Utica, Clinton and Binghamton, and used for common-carrier purposes, can not be ascertained. According to its reports to the New York State engineer, the outlay by the Utica, Clinton and Binghamton on date of valuation amounted to $1,351,962.49, the considerations for which are unknown, divided as follows:

Reported outlay by the Utica, Clinton and Binghamton for original construction	$286, 870. 60
Reported amount paid to contractor for original construction	947, 607. 99
Reported expenditures for construction of over-head bridge in Utica	51, 281. 40
Reported expenditures for additions and betterments	66, 202. 50
Total	1, 351, 962. 49

In addition to this reported outlay, the carrier records cash outlays amounting to $275,724.01 for improvements to the properties of the Utica, Clinton and Binghamton and of the Rome and Clinton which can not be allocated.

Cost of machinery and equipment.—The Utica, Clinton and Binghamton reports that it owns shop machinery and shop machinery small tools, with costs aggregating $1,691.42. The return includes 1 unit of shop machinery on hand valued at $82.26. The number of units check with our inventory. A check of the return shows the amount of $82.26 to be estimated. The return also includes 740 units of shop machinery small tools on hand, valued at $1,609.16. Of the costs reported, $1,017.33 were supported by accounting records and $591.83 were estimated. All of the foregoing machinery is used by the carrier, under lease.

Cost of lands.—The Utica, Clinton and Binghamton reports the original cost of all lands owned, including both carrier and noncarrier lands, as $300,150.16. In verifying the returns, $56,896.96 was deducted as not constituting land costs. The resulting balance of $243,253.20, made up in part of costs supported by accounting records and in part of substantial deed considerations which the Utica, Clinton and Binghamton claims to represent costs but which are not supported by accounting records, may be summarized as follows:

Lands devoted wholly to carrier purposes, owned and leased to the carrier:	
Costs supported by accounting records	$2, 080. 00
Substantial deed considerations	178, 443. 51
Rights in public domain, owned, leased to the carrier; costs supported by accounting records	35, 261. 69
Rights in private lands; owned, leased to the carrier; costs supported by accounting records	668. 00
Lands devoted wholly to noncarrier purposes, owned; substantial deed considerations	15, 600. 00
Lands devoted partly to carrier and partly to noncarrier purposes, owned; substantial deed considerations	11, 200. 00

LEASED RAILWAY PROPERTY

The properties of the Utica, Clinton and Binghamton and of the Rome and Clinton are leased in perpetuity to The Delaware and Hudson Company. The carrier subleased the two properties for a period of 35 years from June 1, 1886. From the latter date to April 30, 1908, the stipulated rental for both roads was $75,000 per annum, and thereafter 20 per cent of the gross earnings. The recorded rental paid by the carrier for the year ended on date of valuation amounted to $65,768.14.

RESULT OF CORPORATE OPERATIONS

Income account.—The income account for the year ended on date of valuation and for the period from July 1, 1891, to date of valuation, is stated as follows:

	Year	Period
Nonoperating income:		
Income from lease of road—		
Steam road	$61, 500. 00	$1, 599, 000. 00
Street car line	15, 000. 00	390, 000. 00
Miscellaneous nonoperating income		84. 36
Total	76, 500. 00	1, 989, 084. 36
Railway tax accruals	1, 090. 31	30, 600. 47
Gross income	75, 409. 69	1, 958, 483. 89
Deductions from gross income:		
Interest on funded debt	40, 000. 00	1, 040, 000. 00
Maintenance of investment organization	2, 000. 00	22, 411. 52
Miscellaneous nonoperating expenses	3, 252. 38	6, 129. 78
Total	45, 252. 38	1, 068, 541. 30
Net income	30, 157. 31	889, 942. 59
Disposition of net income:		
Dividend appropriation of income on debenture stock	10, 000. 00	260, 000. 00
Dividend appropriation of income on common stock	24, 334. 00	637, 705. 00
Total appropriations	34, 334. 00	897, 705. 00
Income balances transferred to debit of profit and loss	4, 176. 69	7, 762. 41

Profit and loss account.—The profit and loss account on date of valuation, is stated as follows:

Credits:		
Net credit balance at June 30, 1890 (details not complete)		$57, 712. 22
Delayed income credit, taxes		589. 17
Miscellaneous credits—		
Proceeds from sale of land and equipment (not separable)	$4, 730. 00	
Profit on scrip purchased and retired	16. 00	
Conscience money	30. 00	
		4, 776. 00
Total		63, 077. 39
Debits:		
Debit balance transferred from income since June 30, 1890		7, 762. 41
Miscellaneous debits—		
Land damages (no details)	$1, 225. 00	
Permanent improvements (no details)	200. 00	
		1, 425. 00
Total		9, 187. 41
Credit balance at date of valuation		53, 889. 98

Wharton Valley

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The road owned by the Wharton Valley was built by contract with funds furnished by the carrier. Construction was begun in August, 1888, and the road was completed and opened for traffic on February 1, 1889.

ORIGINAL COST TO DATE

The original cost of the property of the Wharton Valley is recorded in the accounts of the carrier as $110,974.43, representing the recorded cash outlay by the latter, for which it received $145,000, the amount of capital securities issued by the Wharton Valley. The difference of $34,025.57 between the cash expenditures and the amount of capital securities received by the carrier, together with a cash donation of $20,000 received by the Wharton Valley was credited by the carrier to its profit and loss account.

Cost of lands.—The Wharton Valley reports the original cost of all lands owned as $13,920.13. This amount, made up in part of costs supported by accounting records and in part of substantial deed considerations which the Wharton Valley claims to represent costs but which are not supported by accounting records, may be summarized as follows: For lands devoted wholly to carrier purposes; owned, leased to the carrier; costs supported by accounting records, $1,350; substantial deed considerations, $12,570.13

LEASED RAILWAY PROPERTY

On August 4, 1888, the property of the Wharton Valley was leased to the carrier for a period of 50 years. Under the terms of the lease the latter pays as annual rental the interest of $3,750 on the Wharton Valley's funded debt, and organization expenses not to exceed $500 per annum. It also pays the cost of maintenance and operation, including taxes.

Ontario, Carbondale and Scranton

For information respecting the predecessors of the Ontario, Carbondale and Scranton, reference is made to the accounting report, hereinbefore mentioned.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

On the date of its incorporation, October 3, 1889, the Ontario, Carbondale and Scranton acquired, under an agreement dated April 15, 1889, a total of 53.788 miles of road from three predecessor companies, as follows: The Scranton and Forest City Railroad Company, 3,052 miles; State Line Railroad Company, 27.573 miles; and Hancock and Pennsylvania Railroad Company, 23.163 miles.

At the date of the consolidation all of the property described above was in course of construction. The carrier completed the road acquired from the Scranton and Forest City Railroad Company for account of the Ontario, Carbondale and Scranton, and the latter completed the roads acquired from the Forest City and State Line Railroad Company and the Hancock and Pennsylvania Railroad Company. Construction was completed on June 1, 1890, when the entire line was opened to traffic. In addition to the property acquired by consolidation and construction, the following extensions leading to mines have been built by the Ontario, Carbondale and Scranton and the carrier as lessee:

Construction by the Ontario, Carbondale and Scranton:	Mileage
Northwest Junction to Northwest and Elk Creek Breaker, Pa	5. 427
Archibald to Raymond Washer, Pa	. 400
Winton to Raymond River and Ontario Breaker, Pa	2. 845
	8. 672
Construction by the carrier; Capouse Extension; Dickson to Sibley Junction, Pa	9. 283
Total	17. 955

HISTORY OF CORPORATE FINANCING

As hereinbefore stated, the Ontario, Carbondale and Scranton has issued a total of $3,000,000 in capital securities, all of which were outstanding at date of valuation, and consisting of $1,500,000 each of capital stock and first-mortgage 50-year 5 per cent bonds, due June 1, 1939. The purposes for which these securities were issued and the considerations received for the same, together with other pertinent information regarding the different issues of securities, follows:

Capital stock.—Capital stock amounting to $1,500,000 was issued to retire a like amount of the capital stock of the consolidated companies, either issued or subscribed for, as follows: The Hancock and Pennsylvania Railroad Company, $200,000; Forest City and State Line Railroad Company, $1,080,000; and The Scranton and Forest City Railroad Company $220,000. In retiring the stock of the consolidated companies, the Ontario, Carbondale and Scranton received the following recorded considerations:

Cash:		
Cash subscriptions to stock of the Forest City and State Line Railroad Company for which stock of the Ontario, Carbondale and Scranton was delivered	$972, 000	
Cash received from the sale of stock of the Hancock and Pennsylvania Railroad Company, which was subsequently exchanged for stock of the Ontario, Carbondale and Scranton	3, 000	
		$975, 000
Acquisition of property:		
Issued to the carrier in part payment for construction of the Hancock and Pennsylvania Railroad Company	197, 000	
Exchanged for a like amount of the stock of the Scranton and Forest City Railroad Company	220, 000	
Exchanged for a like amount of the stock of the Forest City and State Line Railroad Company	108, 000	
		525, 000
Total		1, 500, 000

Funded debt.—The entire issue of bonds, amounting to $1,500,000, was sold to the carrier for $1,275,000 cash, at a discount of $225,000. The discount was charged to investment in road and equipment.

Increase or decrease in stocks, bonds, or other securities in any reorganization.—There was no increase or decrease in securities as a result of the consolidation of the three companies to form the Ontario, Carbondale and Scranton.

Advances.—The carrier made advances to and assumed obligations for the Ontario, Carbondale and Scranton, amounting in the aggregate to $1,232,820.44, all of which had been liquidated at date of valuation, as follows:

Incurred:		
Cash advances		$369, 742. 54
Construction advances and obligations assumed by the carrier, charged to cost of road—		
Advances	$607, 119. 76	
Obligations assumed	255, 958. 14	
		863, 077. 90
Total		1, 232, 820. 44

Retirement of the above debt was made as follows:

Liquidated:	
By cash	359, 320. 90
Application of 5 per cent of gross earnings of the Ontario, Carbondale and Scranton to Dec. 1, 1910, as provided in the lease, which that company credited to income as rent for leased road and charged to the carrier in settlement of open account	807, 954. 20
Material taken over by the carrier, together with its proportion of salaries and expenses of right-of-way agents and attorneys, credited by the Ontario, Carbondale and Scranton to cost of road	65, 545. 34
Total	1, 232, 820. 44

INVESTMENT IN ROAD AND EQUIPMENT

On date of valuation, the investment in road and equipment account of the Ontario, Carbondale and Scranton (it owns no equipment) carried a balance of $3,807,954.20, which had been established as follows:

Roads acquired by consolidation:		
The Scranton and Forest City Railroad Company—		
Capital stock issued	$220, 000. 00	
Obligations assumed	224, 537. 84	
	444, 537. 84	
Less current assets acquired	11, 765. 39	
		$432, 772. 45
The Forest City and State Line Railroad Company—		
Capital stock issued	108, 000. 00	
Obligations assumed	31, 420. 30	
	139, 420. 30	
Less current assets acquired	4, 518. 24	
		134, 902. 06
The Hancock and Pennsylvania Railroad Company—		
Cash	642. 46	
Capital stock issued to the carrier	197, 000. 00	
Open account with the carrier	170, 000. 00	
		367, 642. 46
		935, 316. 97

Construction; cash expenditures to June 1, 1890, for completion of above roads		$1, 788, 217. 86
Construction of mine branches and additions and betterments:		
Cash	$560, 960. 57	
Open account with the carrier	371, 574. 42	
	932, 534. 99	
Less cash proceeds from sale of land	82, 069. 87	
		850, 465. 12
Total of above items		3, 573, 999. 95
Other charges:		
Discount sustained in sale of bonds	225, 000. 00	
Recorded cost of land classified as devoted wholly to noncarrier purposes	8, 100. 00	
Charges in connection with retired equipment	625. 49	
Taxes on appraised value of capital stock for year 1892	122. 02	
Expense of recording mortgage in connection with bond issue	106. 74	
		233, 954. 25
Total recorded as of date of valuation		3, 807, 954. 20

The above statement includes securities amounting to $397,000, representing the amount paid by the Ontario, Carbondale and Scranton to the carrier for construction of the property acquired from the Hancock and Pennsylvania Railroad Company. The total expenditures by the carrier on this account as stated in its accounting records, amounted to $219,673.37. The excess of $147,326.63 over the recorded cost received by the carrier was credited to its profit and loss account. If the "other charges," as stated above, were eliminated from the investment in road, the balance in that account would be decreased to $3,573,999.95. This amount, so far as it is resolvable into its component elements, would comprise:

Money outlay		$2, 267, 751. 02
Capital stock issued		525, 000. 00
Open account with the carrier—		
Construction advances	$607, 119. 76	
Obligations of consolidated companies assumed	255, 958. 14	
	863, 077. 90	
Less credits as previously explained	65, 545. 34	
		797, 532. 56
Less assets received from consolidated companies		16, 283. 63

ORIGINAL COST TO DATE

As stated in the text of the report, the original cost to date of the property owned and used by the Ontario, Carbondale and Scranton can not be ascertained. From the information contained in the accounting records of the Ontario, Carbondale and Scranton, its predecessors, and the carrier, it would appear that this cost is represented by cash outlays amounting to $6,059,363.44, divided as follows:

The Scranton and Forest City Railroad Company	$432, 772. 45
The Forest City and State Line Railroad Company	134, 902. 06
The Hancock and Pennsylvania Railroad Company	219, 673. 37
The Ontario, Carbondale and Scranton	2, 638, 682. 98
The carrier (improvements on leased railway property)	2, 633, 332. 58

The outlay by the carrier, representing expenditures for improvements on leased railway property, is not included in the accounts of the Ontario, Carbondale and Scranton. These outlays contain the sum of $279,527, the recorded cost of 153 parcels of land classified as partly carrier and partly noncarrier lands. The Ontario, Carbondale and Scranton has made no return of abandoned property, and the above outlay may contain the cost of such property which has not been written out of its accounts.

Cost of lands.—The Ontario, Carbondale and Scranton reports the cost of all lands owned, including both carrier and noncarrier lands, as $873,419.40, and that the proceeds from the sale of parcels of such lands aggregate $2,862.81. In verifying the returns, $1,169 has been deducted as not constituting land costs. The resulting balance of $872,250.40, made up in part of costs supported by accounting records and in part of substantial deed considerations, claimed to represent costs, but not supported by accounting records, may be summarized as follows:

	As a whole	In Pennsylvania	In New York
Lands devoted wholly to carrier purposes; owned, leased to the carrier:			
Costs supported by accounting records	$548,747.41	$522,913.66	$25,833.75
Substantial deed considerations	26,217.99	18,875.99	7,342.00
Less the indeterminable cost of parts of parcels sold for proceeds of	2,862.81	2,862.81	
Rights in public domain; owned, leased to the carrier; costs supported by accounting records	400.00	400.00	
Rights in private lands; owned, leased to the carrier; costs supported by accounting records	275.00	275.00	
Lands devoted wholly to noncarrier purposes; owned:			
Costs supported by accounting records	8,100.00	8,100.00	
Substantial deed considerations	300.00	300.00	
Lands devoted partly to carrier and partly to noncarrier purposes; owned:			
Costs supported by accounting records	279,527.00	279,127.00	400.00
Substantial deed considerations	8,683.00		8,683.00

Cost of machinery and equipment.—The Ontario, Carbondale and Scranton reports that it owns roadway machines and shop machinery small tools, with costs aggregating $31,426.58. A verification of the returns indicates that the cost of shop machinery should be reduced by $260.75, due to costs being duplicated. The result of a check and the number of units inventoried, follows:

The Ontario, Carbondale and Scranton reports 16 units of roadway machines on hand on date of valuation, as having cost in the aggregate $3,650.52. The number of units checks with our inventory. The costs reported is supported by accounting records.

The Ontario, Carbondale and Scranton reports 113 units of shop machinery on hand valued at $17,728.92. The number of units checks with our inventory, but the cost of 1 motor, amounting to $260.75, is duplicated in the return. A check of the return shows verified costs amounting to $14,125.65 and estimates of $2,812.49, which, together with additions and betterments amounting to $530.03, gives a total of $17,468.17.

The Ontario, Carbondale and Scranton also reported 4,977 units shop machinery small tools on hand valued at $10,047.14. Of the costs reported, $5,870.07 were supported by accounting records and $4,177.07 were estimated.

All of the foregoing machinery is used by the carrier, under lease.

LEASED RAILWAY PROPERTY

The Ontario, Carbondale and Scranton leased its property to the carrier for a term of 99 years from June 1, 1890, at a stipulated annual rental of $75,000, representing the interest on its funded debt, with an additional $3,000 per annum for organization expenses. The lessee further agreed to pay to the Ontario, Carbondale and Scranton 5 per cent of the gross earnings, not to exceed $75,000 per annum. By amendment to the lease, effective December 1, 1910, the payment of the 5 per cent on gross earnings ceased and the annual payment for organization expenses was reduced to $600. The rental received by the Ontario, Carbondale and Scranton for the year ended on date of valuation amounted to $75,000. The 5 per cent of gross earnings received by the Ontario, Carbondale and Scranton under the terms of the original lease was applied to the liquidation of advances received from and obligations assumed by the carrier for account of the Ontario, Carbondale and Scranton, as previously explained.

The Ontario, Carbondale and Scranton has joint facility and other arrangements with the following companies, which are assumed by the carrier:

Use of 0.88 mile of road from Throop, Pa., to adjacent mines, owned by the Price-Pancoast Coal Company, which is controlled by the Ontario, Carbondale and Scranton. No considerations are given for the use of this facility.

Rent of land owned by the New York, Susquehanna and Western Railroad Company, located between Olyphant and Johnson Breakers, Pa., which is occupied by tracks of the Ontario, Carbondale and Scranton. No rental was recorded by the carrier for the use of this land during the year ended on date of valuation.

Terminal facilities of the Wilkes-Barre and Scranton Railway Company (The Central Railroad Company of New Jersey, lessee), located at Scranton, Pa. The details of the agreement and the rental paid by the carrier for the year ended on date of valuation are contained in the report on that company.

RESULT OF CORPORATE OPERATIONS

Income account.—The income account of the Ontario, Carbondale and Scranton for the year ended on date of valuation and for the period from June 1, 1890, to date of valuation, is stated as follows:

	Year	Period
Income from lease of road	$75, 600. 00	$2. 856, 999. 58
Income from funded securities		2, 112. 62
Gross income	75, 600. 00	2, 859, 112. 20
Interest on funded debt	75, 000. 00	1, 950, 000. 00
Maintenance of investment organization		65, 497. 56
Total	75, 000. 00	2, 015, 497. 56
Income balance transferred to credit of profit and loss	600. 00	843, 614. 64

Profit and loss account.—The profit and loss account of the Ontario, Carbondale and Scranton, on date of valuation, is stated as follows:

Credits:

Credit balance transferred from income ---------- $843, 614. 64

Debits:		
Delayed income debits—		
Income from lease of road	$31, 876. 32	
Income from funded securities	146. 81	
		$32, 023. 13
Miscellaneous debits		127. 31
Total		32, 150. 44
Credit balance at date of valuation		811, 464. 20

Pecksport Connecting Railway

The Pecksport Connecting Railway was built by the carrier, which furnished the necessary funds. Construction was begun shortly after the carrier's incorporation and the road was completed and opened to traffic on September 13, 1896.

The Pecksport Connecting Railway reports the original cost of all lands owned as $15,619.31. This amount, made up in part of costs supported by accounting records and in part of substantial deed considerations which the Pecksport Connecting Railway claims to represent costs but which are not supported by accounting records, may be summarized as follows: For lands devoted wholly to carrier purposes; owned, leased to the carrier; costs supported by accounting records, $8,994.31; substantial deed considerations, $6,625.00.

The Pecksport Connecting Railway reports that it owns one roadway machine, which has been inventoried to it, with costs aggregating $198.84, supported by accounting records. This roadway machine is used by the carrier, under lease.

The carrier controls and operates the property of the Pecksport Connecting Railway. The terms of the lease and the amount of rental paid are not of record

Ellenville & Kingston

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

Construction of the road was begun shortly after date of incorporation on March 29, 1901. The work was performed partly by contract and partly by the company's forces, and the road was opened to traffic on December 22, 1902.

HISTORY OF CORPORATE FINANCING

The entire amount of capital stock, amounting to $300,000, was issued to the carrier in payment for cash advances used for construction purposes. All of the bonds, amounting to $650,000, were also issued to the carrier, $642,553.97 in payment for cash advances used for construction purposes and $7,446.03 in settlement of expenditures for construction made by the carrier.

INVESTMENT IN ROAD AND EQUIPMENT

On date of valuation, the investment in road and equipment account of the Ellenville & Kingston (it owns no equipment) showed a balance of $950,000, which had been established as follows:

Cash advanced by the carrier	$942, 553. 97
Expenditures by the carrier settled through open account	7, 860. 00
	950, 415. 97
Less difference in cost of rail exchanged with the carrier, settled through open account	415. 97
Total	950, 000. 00

This balance is summarized as follows:

Construction			$911, 219. 34
Additions and betterments			39, 015. 53
Total			950, 234. 87
Other items:			
Interest received on bank balances credited to investment in road		$439. 81	
Less charges—			
Sawdust for ice houses	$64. 00		
Interest on mortgage assumed	125. 00		
Insurance premium	15. 94		
		204. 94	
			234. 87
Total recorded as of date of valuation			950, 000. 00

If the net credit in "other items" was added to the recorded investment in road, the balance in the account would be increased to $950,234.87.

ORIGINAL COST TO DATE

The amount of $896,603.33, representing the original cost to date of the property owned by the Ellenville & Kingston, is made up as follows:

Cash outlay by the Ellenville & Kingston	$942, 372. 87
Cash outlay by the carrier for account of the Ellenville & Kingston	7, 862. 00
Cash outlay by the carrier for improvements on leased railway property, not recorded in the accounting records of the Ellenville & Kingston	36, 368. 46

The outlay by the Ellenville & Kingston includes the sum of $38,550 representing the recorded cost of lands which have been classified by us as used partly for carrier and partly for noncarrier purposes.

Cost of lands.—The Ellenville & Kingston reports the original cost of all lands owned, including both carrier and noncarrier lands, as $172,784.39. In verifying the returns, $2,500 has been deducted as not constituting land costs. The resulting balance of $170,284.39, made up in part of costs supported by accounting records and in part of substantial deed considerations, claimed to represent costs but not supported by accounting records, may be summarized as follows:

Lands devoted wholly to carrier purposes, owned, leased to the carrier:	
Costs supported by accounting records	$88, 877. 25
Substantial deed considerations	807. 14
Rights in private lands, owned, leased to the carrier; costs supported by accounting records	500. 00
Lands devoted partly to carrier and partly to noncarrier purposes; owned:	
Costs supported by accounting records	38, 550. 00
Substantial deed considerations	41, 550. 00

Cost of machinery and equipment.—The Ellenville & Kingston reports that it owns roadway machines and shop machinery small tools, with costs aggregating $850.95. The return includes 2 units of roadway machines on hand on date of valuation, as having cost in the aggregate $237.19, which is supported by accounting records. The return also includes 324 units of shop machinery small tools on hand valued at $613.76. Of the costs reported, $383.52 were supported by accounting records and $230.24 were estimated. All of the foregoing machinery is used by the carrier, under lease.

LEASED RAILWAY PROPERTY

Effective July 1, 1905, the Ellenville & Kingston leased its proprety to the carrier for a period of 50 years. For the first five years the carrier agreed to pay an annual rental of $76,000, representing the annual interest on the funded debt of the Ellenville & Kingston, and organization expense not to exceed $500 per annum, thereafter the carrier to pay one-half of net earnings over and above operating expenses, taxes, interest on funded debt and organization expenses. According to the accounting records, one-half of the net earnings never exceeded the sum of $76,500 per annum. With the exception of $250 paid for the six months ended on date of valuation, the carrier has made no payments for organization expenses.

RESULT OF CORPORATE OPERATIONS

Income account.—During the period December 22, 1902, to June 30, 1905, when the property of the Ellenville & Kingston was operated by the carrier, the result of operation was included in the accounts of the latter company and can not be separated. The result of operation for the year ended on date of valuation, and for the period July 1, 1905, to date of valuation, is as follows:

	Year	Period
Income from lease of road	$26,000	$286,250
Interest on funded debt	26,000	286,000
Income balance transferred to credit of profit and loss	----------	250

Profit and loss account.—The only entry in the profit and loss account is the credit balance of $250 transferred from income.

PORT JERVIS, MONTICELLO AND SUMMITVILLE

For information respecting the predecessor of this company, reference is made to the accounting report, hereinbefore mentioned.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

On December 7, 1902, the Port Jervis, Monticello and Summitville acquired, by reorganization, the property of the New York, composed of a main line extending from Port Jervis to Monticello, N. Y., about 24 miles, with a branch from Huguenot, N. Y., to a connection with the carrier at Summitville, N. Y., about 17 miles. During the years 1903 and 1904, the Port Jervis, Monticello and Summitville built a cut-off, about 0.66 mile in length, between Roses Point, on the main line, and Valley Junction, on the branch. Upon the completion of this cut-off, about 2 miles of the road between Huguenot and Valley Junction were abandoned, and on date of valuation the Port Jervis, Monticello and Summitville owned 38.194 miles of a single-track, standard-gauge, railroad, the main line, 23.935 miles, extending from Port Jervis to Monticello, with a branch, 14.259 miles, extending from Valley Junction to Summitville.

HISTORY OF CORPORATE FINANCING

Under the terms of the reorganization plan the Port Jervis, Monticello and Summitville issued $110,000 of its capital stock and $327,000 of its bonds. The stock was issued to retire a like amount of the unsecured debt of the New York, and the bonds were issued to retire that company's funded debt, amounting to $225,000 face value, together with unpaid interest coupons. The remainder of the bonds was used to pay foreclosure expenses and the compensation and expenses of the organization committee and trustees. The capital stock and the several classes of long-term debt issued and retired are here stated along with the amount of each outstanding on date of valuation:

Class	Originally issued	Retirements and treasury holdings	Outstanding
Capital stock	$110,000		$110,000
Purchase money 48-year 4 per cent bonds, due Dec. 1, 1950	327,000	$327,000	
First-mortgage 50-year 4 per cent bonds, due July 1, 1955	450,000		450,000
Total	887,000	327,000	560,000

The capital stock was issued in the acquisition of the property acquired by reorganization. The purchase bonds were also issued in the acquisition of the property referred to above. They were retired by exchange for a like amount of first-mortgage bonds. Of the first-mortgage bonds issued, $327,000 were used to retire a like amount of purchase bonds, and $123,000 were issued to the carrier in part payment for cash expenditures made that company for additions and betterments to the Port Jervis, Monticello and Summitville's property.

Increase or decrease of securities in any reorganization.—In acquiring the property of the New York by the Port Jervis, Monticello and Summitville there was a decrease of $197,100 in capital securities, as follows:

Capital securities of the Port Jervis, Monticello and New York Railroad Company outstanding at date of its demise:		
Capital stock which received no recognition in the reorganization	$409 100	
Funded debt retired	225, 000	
		$634, 100
Capital securities issued by the Port Jervis, Monticello and Summitville in the reorganization:		
Capital stock	110, 000	
Funded debt	327, 000	
		437, 000
Decrease in capital securities		197, 100

INVESTMENT IN ROAD AND EQUIPMENT

On date of valuation, the investment in road and equipment account of the Port Jervis, Monticello and Summitville (it owns no equipment) showed a balance of $560,000, which had been established as follows:

Cost of road purchased:		
Capital stock	$110, 000	
Funded debt	327, 000	
		$437, 000

Additions and betterments:		
Funded debt—		
Cash expenditures by the carrier	$129, 266. 51	
Cash advances by the carrier	1, 426. 39	
	130, 692. 90	
Less amount received from the carrier for equipment	7, 692. 90	
		$123, 000
Total		560, 000

This balance contains the cost to the Port Jervis, Monticello, and Summitville of about 2 miles of abandoned road, as previously explained.

ORIGINAL COST TO DATE

The original cost of the property owned by the Port Jervis, Monticello and Summitville on date of valuation can not be ascertained owing to the entire absence of the accounting records of the Port Jervis and Monticello Railroad Company, which constructed the original 24 miles of road between Port Jervis and Monticello. Following is a summary showing the cost of construction of the property, together with the amounts and nature of the outlays by the companies interested, where such information was obtainable:

Construction:		
Port Jervis and Monticello Railway Company; constructed, by contract, about 24 miles of road between Port Jervis, and Monticello, the cost of which, at date of the Port Jervis and Monticello Railroad Company's demise, can not be ascertained, owing to the entire absence of the accounting records of the Port Jervis and Monticello Railroad Company and the contractors.		
Port Jervis, Monticello and New York Railroad Company; constructed, by contract, about 17 miles of branch line between Huguenot and Summitville. Reported outlay by the Port Jervis, Monticello and New York Railroad Company—		
Cash		$281, 800. 00
Capital stock		288, 200. 00
(These outlays include the unknown original cost of about 2 miles of road, which were abandoned by the Port Jervis, Monticello and Summitville in 1904.)		
Additions and betterments; reported and recorded cash expenditures:		
Port Jervis and Monticello Railroad Company		28, 226. 50
New York Railroad Company		103, 282. 94
The carrier—		
For account of the Port Jervis, Monticello and Summitville	$130, 692. 90	
Improvements to leased railway property, not taken into the accounts of the Port Jervis, Monticello and Summitville	49, 521. 54	
		180, 214. 44

The incomplete outlays, as stated above, consist of $593,523.88 in cash and $288,200 in capital stock.

The Port Jervis, Monticello and Summitville made no return of abandoned property, and the outlay as stated may contain, in addition to the outlay for the 2 miles of abandoned road referred to, outlays for other abandoned property, the costs of which have not been written out of the accounts.

Cost of lands.—The Port Jervis, Monticello and Summitville reports the original cost of all lands owned as $104,001.51. In verifying the returns, $2,000 was deducted as not constituting land costs. The resulting balance of $102,001.51 made up in part of costs supported by accounting records and in part of substantial deed considerations, claimed to represent costs, but are not supported by accounting records, may be summarized as follows:

Lands devoted wholly to carrier purposes; owned and leased to the carrier:	
Costs supported by accounting records	$9, 235. 50
Substantial deed considerations	92, 766. 01

Cost of machinery and equipment.—The Port Jervis, Monticello and Summitville reports that it owns roadway machines and shop machinery small tools, with costs aggregating $5,596.04. The return includes 4 units of roadway machines on hand on date of valuation, as having cost in the aggregate $5,222.80. The number of units checks with our inventory. Of the costs reported, $5,187.80 were supported by accounting records and $35 were estimates of the carrier. The return also includes 163 units of shop machinery small tools on hand valued at $373.24. Of the costs reported, $257.60 were supported by accounting records and $115.64 were estimated. All of the foregoing machinery is used by the carrier, under lease.

LEASED RAILWAY PROPERTY

From December 7, 1902, to June 30, 1905, the property of the Port Jervis, Monticello and Summitville was operated by the carrier. Effective July 1, 1905, the carrier leased the property for a term of 50 years, at an annual rental of $18,000, and further agreed to pay the necessary organization expenses, not to exceed $500 per annum.

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