

used by the Erie and Black Rock, leased to the Erie, including owned portions of joint minor facilities, are \$67,120 and \$47,874, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in Appendix 1. The Erie and Black Rock uses no common-carrier property.

*Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.*—The Erie and Black Rock owns but does not use 4.97 acres of lands which are leased to the Erie for common-carrier purposes. The original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data thereon will be found in Appendix 2. Their present value is \$50,660.

*Property held for purposes other than those of a common carrier.*—The Erie and Black Rock owns no property held for noncarrier purposes.

*Aids, gifts, grants of rights of way, and donations.*—The incomplete records do not indicate that any aids, gifts, grants, or donations have been received.

*Material and supplies.*—The Erie and Black Rock has no material and supplies on hand on date of valuation.

*Final value.*—After careful consideration of all 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 Erie and Black Rock, owned but not used, leased to and devoted to common-carrier purposes by the Erie, is found to be \$101,000. 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.

#### ERIE AND WYOMING VALLEY

*Capital stock and long-term debt.*—The Erie and Wyoming Valley had outstanding, on date of valuation, a total par value of \$4,720,607.93 in stock and long-term debt, of which \$1,500,000 represented common stock and \$3,220,607.93 nonnegotiable debt to affiliated companies.

*Original cost to date.*—The original cost to date of the common-carrier property of the Erie and Wyoming Valley 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.

*Investment in road and equipment.*—The investment of the Erie and Wyoming Valley in road, including land, no equipment being owned,

83 Val. Rep.

on date of valuation, is stated in its books as \$5,377,556.08. With readjustments indicated by our accounting examination, this amount would be increased to \$5,759,416.92, of which \$5,408,455.85, less an undetermined portion thereof assignable to offsetting items included in amounts recorded at \$6,671.30, represents unknown considerations or considerations other than money, the cash value of which at the time of the transaction we are not able to report, because it has been impossible to obtain the necessary information. The adjusted amount may include some or all of the cost of the noncarrier lands and improvements owned. Further information 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 Erie and Wyoming Valley, including owned portions of joint minor facilities, are as follows:

Classification	Cost of reproduction new	Cost of reproduction less depreciation
Owned but not used, leased to—		
Erie.....	\$6,040,936	\$4,963,895
Lackawanna and Wyoming Valley Railroad.....	28,522	27,064
Total.....	6,069,458	4,990,959

These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in Appendix 1. The Erie and Wyoming Valley uses no common-carrier property.

*Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.*—The Erie and Wyoming Valley owns but does not use 1,226.89 acres of lands which are leased to other carriers for common-carrier purposes. The original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data thereon will be found in Appendix 2. Their present value is as follows:

Classification	Acres	Present value
Owned but not used, leased to—		
Erie.....	1,218.35	\$616,922
Lackawanna and Wyoming Valley Railroad.....	8.54	11,312
Total.....	1,226.89	628,234

The Erie and Wyoming Valley leases from a private party 4.03 acres of lands, present value \$2,015. These lands are subleased to and used for common-carrier purposes by the Erie.

*Rights in private lands.*—The Erie and Wyoming Valley owns but does not use rights in private lands which are leased to the Erie for common-carrier purposes. No costs have been found for these rights. Their present value is \$950.

*Property held for purposes other than those of a common carrier.*—The Erie and Wyoming Valley owns and holds for noncarrier purposes 400.34 acres of lands, located in Pennsylvania. The original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data thereon will be found in Appendix 2. Their present value, including improvements thereon owned by this company, is \$32,511.

*Aids, gifts, grants of rights of way, and donations.*—Of the lands included in the preceding summary of carrier lands owned but not used by the Erie and Wyoming Valley, 47.97 acres, present value \$18,433, were acquired through aids, the title thereto having been conveyed to it or its predecessor by deeds reciting merely nominal considerations. We are not able to report the value of these lands at the time acquired.

*Material and supplies.*—The Erie and Wyoming Valley has no material and supplies on hand on date of valuation.

*Final value.*—After careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, 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 Erie and Wyoming Valley, owned but not used, leased to and devoted to common-carrier purposes by other carriers, are found to be as follows:

Owned but not used, leased to—

Erie.....	\$5, 750, 000
Lackawanna and Wyoming Valley Railroad.....	40, 000
Total.....	5, 790, 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.

#### ERITON RAILROAD

*Capital stock and long-term debt.*—The Eriton Railroad had outstanding, on date of valuation, a total par value of \$41,917.34 in

33 Val. Rep.

## ERIE AND WYOMING VALLEY

## INTRODUCTORY

The Erie and Wyoming Valley is a corporation of the State of Pennsylvania, having its principal office at Scranton, Pa. The accounting records of the Erie and Wyoming Valley obtained cover only the period from January 1, 1890, when new books were opened. Therefore, no information can be given from the accounts in connection with its corporate operations, financial dealings, or investments for the period prior to the above date. The accounting data in this report are those obtained from the records that cover the period from January 1, 1890, to date of valuation. However, no entries were made in the income and profit and loss accounts of the company after February 28, 1901.

The Erie and Wyoming Valley is controlled by the Erie through ownership of its entire outstanding capital stock. The records do not indicate that this company controls any common-carrier corporation.

The property of the Erie and Wyoming Valley has been operated during its corporate life as indicated below:

Own organization (except Hawley branch)-----	1884, to Feb. 28, 1901.
New York, Lake Erie and Western Railroad Company and its receivers (Hawley branch) -	Jan. 1, 1886, to Nov. 30, 1895.
Erie (Hawley branch)-----	Dec. 1, 1895, to Feb. 28, 1901.
Erie (entire property)-----	Mar. 1, 1901, to Dec. 31, 1917.

The property of the Erie and Wyoming Valley was taken over for operation by the United States Railroad Administration on January 1, 1918, as a part of the system of the Erie, and it is so operated on date of valuation.

## CORPORATE HISTORY

The Erie and Wyoming Valley was incorporated November 6, 1882, under the general laws of Pennsylvania, for the purpose of constructing, maintaining, and operating a railroad from Pittston to Lackawaxen, Pa. The date of organization was November 17, 1882. The company acquired by merger agreement, dated May 19, 1894, filed in Pennsylvania June 14, 1894, the property, rights, and franchises of The Jones Lake Rail Road Company. The Jones Lake Rail Road Company, the only predecessor of the Erie and Wyoming Valley, was incorporated September 8, 1887, under the general laws of Pennsylvania and was merged with this company as stated.

## DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The owned mileage of the Erie and Wyoming Valley, amounting to 88.637 miles, was acquired partly by construction, partly by merger, and partly by purchase. The property constructed by the Erie and Wyoming Valley and its predecessor, the years when the various portions of the line were constructed, and the manner in which the Erie and Wyoming Valley acquired the property are indicated in the following table.

## Acquired by construction:

	Mileage
West Hawley to Plains Junction, Pa., 1884-----	48. 991
Sebastopol to Pittston, Pa., 1884-----	1. 196
East Junction to Scranton, Pa., 1887-----	3. 746
Rock Junction to Jessup, Pa., 1888-----	6. 989
Avoca to Wyoming Junction, Pa., 1888-----	1. 661
Various branches, dates not recorded-----	8. 376

70. 959

83 Val. Rep.

Acquired by merger:

From the Jones Lake Rail Road Company, June 14, 1894, constructed by that company—	Mileage
West Lake Junction to Lake Ariel, Pa., 1888.....	2. 142

Acquired by direct purchase:

From Pennsylvania Coal Company, Dec. 30, 1885—	
Lackawaxen to West Hawley, Pa.....	15. 610

Total recorded mileage.....	88. 711
Difference between total recorded mileage and mileage inventoried as of date of valuation.....	0. 060
Mileage inventoried as of date of valuation.....	88. 651

HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records reviewed do not indicate that the Erie and Wyoming Valley had any syndicating arrangements in connection with the issuance of its securities.

*Capital stock and long-term debt.*—From the date of its organization to date of valuation, the Erie and Wyoming Valley has issued capital stock and funded debt and incurred nonnegotiable debt to affiliated companies as indicated by its records, aggregating \$7,931,174.49, of which \$4,720,607.93 are actually outstanding, as summarized in the following table:

Class	Issued or incurred	Retired	Actually outstanding
Capital stock, common, par value.....	\$1, 500, 000. 00		\$1, 500, 000. 00
Funded debt, par value:			
Issued.....	3, 176, 225. 00	\$3, 176, 225. 00	
Nonnegotiable debt to affiliated companies:			
Incurred.....	3, 254, 949. 49	\$4, 341. 56	3, 220, 607. 93
Grand total.....	7, 931, 174. 49	3, 210, 566. 56	4, 720, 607. 93

*Capital stock.*—The authorized capital stock is \$3,000,000 par value, divided into shares, \$50 par value each, and classed as common stock. The outstanding capital stock of \$1,500,000 par value represents a balance brought forward on January 1, 1890, from a previous ledger. The recorded considerations received for the outstanding capital stock were not ascertained.

*Funded debt.*—On January 1, 1890, the Erie and Wyoming Valley brought forward from a previous ledger a liability for funded debt amounting to \$3,000,000 par value consisting of first-mortgage, 6 per cent bonds, dated June 1, 1883, due July 1, 1913. The recorded considerations received in exchange for these bonds were not ascertained. Subsequently to January 1, 1890, the Erie and Wyoming Valley issued \$176,225 par value of real estate 6 per cent mortgages for an unapportioned part of construction. All of the above funded-debt obligations have been reacquired and retired by credit in open account to the Erie and the Pennsylvania Coal Company.

*Nonnegotiable debt to affiliated companies.*—The Erie and Wyoming Valley incurred nonnegotiable debt to the Erie and the Pennsylvania Coal Company aggregating \$3,254,949.49, classified as open accounts, of which \$4,341.56 has been repaid, leaving \$3,220,607.93 owing on date of valuation. The considerations recorded as passed in connection with the incurring and the partial repayment of this debt were as detailed hereunder:

Amount	Consideration	Recorded value
<i>Incurring</i>		
\$56,224.49	Miscellaneous accounts payable.....	\$56,224.49
22,500.00	Interest on funded debt.....	22,500.00
3,176,225.00	Funded debt issued, reacquired and retired.....	3,176,225.00
<b>3,254,949.49</b>	<b>Total.....</b>	<b>3,254,949.49</b>
<i>Repaid</i>		
\$2,246.21	Cash.....	2,246.21
19,018.31	Material and supplies.....	19,018.31
13,077.04	Miscellaneous accounts receivable.....	13,077.04
<b>34,341.56</b>	<b>Total.....</b>	<b>34,341.56</b>
<i>Owing</i>		
\$3,220,607.93	{ \$3,000,000 owing to the Pennsylvania Coal Company. { \$220,607.93 owing to the Erie.	

RESULTS OF CORPORATE OPERATIONS

The results of corporate operations, as shown in the income and profit and loss accounts of the Erie and Wyoming Valley, are given below.

*Income statement.*—A condensed summary of the income accounts for the period January 1, 1890, to February 28, 1901, follows.

Operating income:

Railway operating revenues..... \$8,252,177.88  
 Railway operating expenses..... 5,953,006.56

Net revenue from railway operations..... 2,299,171.32  
 Railway tax accruals..... 38,803.88

Total operating income..... 2,260,367.44

Nonoperating income:

Income from lease of road..... 550,000.00  
 Income from unfunded securities and accounts..... 25,034.25

Total..... 575,034.25

Gross income..... 2,835,401.69

Deductions from gross income:

Interest on funded debt..... 2,128,070.75  
 Interest on unfunded debt..... 169,332.58

Total..... 2,297,403.33

Net income..... 537,998.36

Disposition of net income, income credit balance transferred to profit and loss..... 537,998.36

An examination shows that, under the present classification of accounts, an item recorded in the income account would be includible in the investment in road and equipment account. Also, an item recorded in the profit and loss account would be includible in the income statement for the period. These

items, grouped according to their effect on the income for the period, are as follows:

Addition to income, transferable to investment in road and equipment account:	
Addible to railway operating revenues, for recorded money outlay charged thereto for purchase of property of The Jones Lake Rail Road Company.....	\$20, 000. 00
Deductions from income, transferable from delayed income debits in profit and loss account:	
Addible to railway operating expenses.....	136, 575. 35
	116, 575. 35
Net deductions from income.....	116, 575. 35

If the income accounts of the Erie and Wyoming Valley were adjusted to the extent indicated, and if the items then contained therein were taken at their recorded amounts, the credit balance transferable to profit and loss would be decreased by \$116,575.35, or to \$421,423.01.

*Profit and loss statement.*—A condensed summary of the profit and loss accounts for the period January 1, 1890, to date of valuation, follows.

**Credits:**

Credit balance as of Jan. 1, 1890, for which no analysis was obtained.....	\$260, 426. 43
Net credit balance transferred from income.....	537, 998. 36
Miscellaneous credits.....	1, 028. 26
	799, 453. 05
	799, 453. 05

**Debits:**

Delayed income debits, railway operating expenses.....	136, 575. 35
Miscellaneous debits.....	5, 929. 55
	142, 504. 90
	142, 504. 90

Credit balance on date of valuation.....	656, 948. 15
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If the \$20,000 representing outlay for purchase of the property of the Jones Lake Rail Road Company charged to the income account, hereinbefore referred to as transferable to the investment in road and equipment account were so transferred, the credit balance in the profit and loss account would be increased to \$676,948.15.

*Dividends.*—The Erie and Wyoming Valley has declared no dividends from January 1, 1890, to date of valuation.

**INVESTMENT IN ROAD AND EQUIPMENT**

The investment of the Erie and Wyoming Valley in road, including land, no equipment being owned on date of valuation, is stated in its books as \$5,377,556.08, of which the following is a general analysis.

Opening entry Jan. 1, 1901, being balance brought forward from a previous ledger for which no analysis was obtained.....		\$5, 232, 230. 85
For additions and betterments:		
Recorded money outlay.....	\$337, 632. 37	
Funded debt issued at par value.....	176, 225. 00	
	513, 857. 37	
Total of the above items.....		5, 746, 088. 22

**83 Val. Rep.**

276 VALUATION REPORTS, INTERSTATE COMMERCE COMMISSION

Less retirements:

Road, credited at.....	\$3, 171. 30	
Equipment, credited at.....	3, 500. 00	
		<u>\$6, 671. 30</u>

Net of above items..... 5, 739, 416. 92  
 Other items, credits not in accordance with the present classification of accounts:

Transferable to balance sheet accounts—		
Accrued depreciation, road.....	341, 725. 28	
Accrued depreciation, equipment.....	20, 135. 56	
		<u>361, 860. 84</u>

Total recorded as of date of valuation..... 5, 377, 556. 08

If the "other items" set out in the general analysis were eliminated, if all the items then remaining were taken at their recorded values, and if the additional item set out of the income account were transferred to the investment in road and equipment account, the balance in the latter account would be increased by \$381,860.84, or to \$5,759,416.92. This adjusted amount would be the result, on the one hand, of gross charges that consist, in part, of an amount of \$5,232,230.85, the nature of which is not known, and, in part, of considerations other than cash recorded at \$176,225, and, on the other hand, of items deductible from the gross charges and recorded at \$6,671.30, but not specifically deductible at the recorded amounts. The cash value at the time of the transactions of the considerations other than cash is not known and can not be definitely determined.

The balance in the account, if adjusted to this extent, so far as it is resolvable into the kinds of considerations, would comprise the following classes of recorded outlay.

Balance brought forward from a previous ledger for which no analysis was obtained.....	\$5, 232, 230. 85
Recorded money outlay.....	357, 632. 37
Funded debt issued at par value.....	176, 225. 00
	<u>6, 671. 30</u>

Less any portions, not definitely determinable, that represent road and equipment retired and credited at..... 6, 671. 30

These outlays may include some or all of the undetermined cost of certain lands classified herein as noncarrier lands and some or all of the undetermined portions, assignable to noncarrier lands, of the cost of lands classified herein as partly carrier and partly noncarrier. The Erie and Wyoming Valley has not charged to its miscellaneous physical property account any amounts that represent these noncarrier lands. The cost of these lands as reported by the Erie and Wyoming Valley but not supported in the accounts, is stated in the following chapter.

ORIGINAL COST TO DATE

The original cost to date of the road, including land, there being no equipment, owned by the Erie and Wyoming Valley and used for common-carrier purposes has not been definitely ascertained, owing to the absence of all records of the Erie and Wyoming Valley prior to January 1, 1890, during which period it constructed 70.959 miles of railroad, and, owing to the absence of the records of the Jones Lake Rail Road Company and the Pennsylvania Coal Company, which company constructed in ownership, 17.752 miles of the railroad owned by the Erie and Wyoming Valley. The balance in the investment in road and equipment account on January 1, 1890, amounted to \$5,232,230.85, but that amount could not be analyzed. The data obtained on the outlay made for construction and for

83 Val. Rep.



additions and betterments to the entire property are those found in the investment in road and equipment account of this company and those recorded in the books of the Erie and two of its predecessors, summarized as follows:

The Erie, recorded money outlay charged to the improvements on leased railway property account.....	\$573, 699. 55
Erie and Wyoming Valley:	
Recorded money outlay.....	337, 632. 37
Funded debt issued at par value.....	176, 225. 00
The New York, Lake Erie and Western Railroad Company, recorded by that company as "Hawley branch construction", recorded money outlay.....	46, 730. 07
Erie Railway Company, recorded by that company as "Hawley branch construction", recorded money outlay.....	296, 364. 64
Less any portions, not definitely determinable, that represent road and equipment retired and credited at.....	6, 671. 30

The several classes of outlay by the four companies above detailed are summarized as follows:

Recorded money outlay.....	\$1, 254. 426. 63
Outlay in securities issued at par value.....	176, 225. 00
Less any portions, not definitely determinable, that represent road and equipment retired and credited at.....	6, 671. 30

The cash value at the time of the transactions of the considerations other than cash is not known and can not be definitely determined, because it has not been possible to obtain the necessary information.

In addition to the foregoing data on original cost obtained from sources indicated the Erie has filed with us for consideration a statement purporting to represent costs of initial construction and additions and betterments that were not charged to the investment in road and equipment account of the Erie and Wyoming Valley or to the improvements on leased railway property account of the Erie at the time the outlays were made. The charges stated in the claim as identifiable by specific documentary evidence aggregate \$94,098.12, of which the company states that \$5,930.09 was charged to operating expenses, \$86,052.41 was charged to income, and \$2,115.62 was charged to profit and loss. The company does not state that all of the amounts referred to are applicable to property in existence on the date of valuation. The statement does not purport to include credit items representing the cost of all property abandoned or sold by the Erie or the Erie and Wyoming Valley but not written out of the accounts. The statement submitted by the Erie covering its claim has not been verified by us by check against accounting or other records with respect to the items included therein.

With respect to the amounts mentioned in the foregoing paragraph, since it is not possible, solely from an analysis of the accounts, to determine whether the items included in the amounts represent the cost of additional property in existence on date of valuation and do not represent renewals or replacements, in whole or in part, of property for which charges are included in the available data on original cost to date, the amounts have not been included in the above summary of the available data on original cost to date.

These outlays may include some or all of the undetermined cost to the carrier first acquiring them of certain lands classified herein as noncarrier lands and some or all of the undetermined portions, assignable to noncarrier lands, of such cost of lands classified herein as partly carrier and partly noncarrier. The Erie and Wyoming Valley has not charged to its miscellaneous physical property

account any amounts that represent these noncarrier lands. The costs of these lands as reported by the Erie and Wyoming Valley, but not supported in the accounts, are stated in the section of this chapter that is devoted to cost of lands.

*Cost of lands.*—The Erie and Wyoming Valley reports amounts aggregating \$433,993.79 as the outlays by itself and its predecessor in connection with lands owned by it, including noncarrier lands, and that the proceeds from the sale of parts of parcels of such lands aggregate \$16,282.86. A verification of the amounts indicates that the reported outlays should be reduced by \$105,287.81, and that the proceeds from the sale of parts of parcels sold should be reduced by \$739.55, as detailed below:

	Amount	Proceeds from sales
<b>Additions:</b>		
Costs reported by the Moosic Mountain and Carbondale Railroad Company for lands title to which is vested in the Erie and Wyoming Valley	\$5. 00	
Error in summary		\$3, 500. 00
<b>Total</b>	<b>5. 00</b>	<b>3, 500. 00</b>
<b>Deductions:</b>		
Costs reported for lands title to which is vested in the Dunmore Iron and Steel Company	95, 000. 00	289. 55
Costs reported for lands title to which is vested in the Erie	8, 391. 75	
Costs and sales reported for lands excluded as not owned	1, 901. 06	2, 200. 00
Overstatement of sales		1, 750. 00
<b>Total</b>	<b>105, 292. 81</b>	<b>4, 239. 55</b>
<b>Net total deductions</b>	<b>105, 287. 81</b>	<b>739. 55</b>

The returns include certain lands for which merely nominal deed considerations are reported, certain lands for which there is no reference to evidence of title, certain lands for which the considerations recited in deeds are other than of a monetary value, certain lands acquired including improvements, cost of land unknown, certain lands acquired by condemnation for which costs are not ascertainable, certain lands leased for which no costs are reported, and certain rights in private lands for which no costs are reported. The amounts reported as costs incurred for the remaining lands owned, after making the changes noted, are made up of substantial considerations named in deeds, or other instruments, which were returned as costs, but not supported by accounting records. These amounts and the proceeds from parts of parcels sold, both classified according to the classification herein of the lands to which they apply, are summarized as follows:

Classification	Amounts not supported by accounting records
<b>Lands classified as carrier:</b>	
Owned but leased to the Erie. (Includes \$385.65 not separable as to lands classified as carrier, lands classified as noncarrier, and lands classified as partly carrier and partly noncarrier)	\$261, 724. 52
Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of	12, 861. 31
Owned but leased to The Lackawanna and Wyoming Valley	15, 713. 00
<b>Total</b>	<b>277, 437. 52</b>
Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of	12, 861. 31
<b>Lands classified as noncarrier:</b>	
Owned (see remarks under carrier lands)	10, 712. 00
Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of	1, 750. 00
<b>Lands classified as partly carrier and partly noncarrier:</b>	
Owned but partly used by the Erie (see remarks under carrier lands)	40, 555. 46
Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of	922. 00

In addition, there has been inventoried to the Erie and Wyoming Valley a right in private lands, for which the costs have not been ascertained.

*Cost of machinery and equipment.*—The Erie and Wyoming Valley reports that it owns certain machinery, with costs aggregating \$201,768.78. It also reports that it does not own any equipment or roadway machines and none have been inventoried to it. After classifying the returns according to the classification herein of the property to which they apply, all of which is leased to the Erie, the revised returns are summarized as follows:

Classification	Costs supported by accounting records	Amounts estimated by the company or otherwise not supported by accounting records
<b>Machinery:</b>		
Shop machinery.....	\$13,361.25	\$164,536.98
Power-plant machinery.....	12,636.00	11,234.55
<b>Total.....</b>	<b>25,997.25</b>	<b>175,771.53</b>

MISCELLANEOUS PHYSICAL PROPERTY

The accounts of the Erie and Wyoming Valley do not record as such any investment in miscellaneous physical property on date of valuation. However, there have been classified herein as noncarrier certain parcels of land and parts of parcels of land reported by the Erie and Wyoming Valley. A summary of the costs, reported as applying thereto, with revisions made as previously explained, is stated in the chapter on original cost to date. The portion of such costs that would be includible in the miscellaneous physical property account has not been indicated by the records reviewed.

AIDS, GIFTS, GRANTS, AND DONATIONS

The Erie and Wyoming Valley reports that no aids, gifts, grants or donations were received by it or its predecessor. An examination of the records does not indicate that any were received. The report upon the costs of its lands shows that certain parcels were acquired by it or its predecessor through deeds that recite merely nominal considerations. Since the records do not indicate that any actual payment was made in the acquisition of these parcels, they have been herein designated as apparent aids.

LEASED RAILWAY PROPERTY

The property of the Erie and Wyoming Valley was solely operated by the Erie from March 1, 1901, to December 31, 1917, by virtue of capital stock control.

From January 1, 1918, to date of valuation the common-carrier property of this company has been operated by the United States Railroad Administration as part of the system of the Erie. Details with respect to the operation of this property are given in the chapter on leased railway property in the report on the Erie.

GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement of the Erie and Wyoming Valley, as of date of valuation, follows:

**Assets:**

<b>Investments—</b>	
Investment in road and equipment.....	<b>\$5,377,556.08</b>

88 Val. Rep.

## Liabilities:

Stock—	
Capital stock .....	\$1, 500, 000. 00
Long-term debt—	
Nonnegotiable debt to affiliated companies .....	3, 220, 607. 93
Corporate surplus—	
Profit and loss, credit balance .....	656, 948. 15
	<hr/>
Total .....	5, 377, 556. 08

## ERITON RAILROAD COMPANY

## INTRODUCTORY

The Eriton Railroad is a corporation of the State of Pennsylvania, having its principal office at Scranton, Pa. No accounting records of the company were obtained. Therefore, no information can be given from its accounts regarding its financial dealings, corporate operations, or investments. However, certain data indicated hereinafter were obtained from a balance sheet statement as of date of valuation, certified by the comptroller of the company, and filed with us.

The Eriton Railroad is controlled by the Erie through ownership of its entire outstanding capital stock. The records do not indicate that this company controls any other common-carrier corporation. The property of the Eriton Railroad has been operated by the Erie from the date of completion thereof to December 31, 1917. The common-carrier property of the company was taken over for operation by the United States Railroad Administration on January 1, 1918, as a part of the system of the Erie, and it is so operated on date of valuation.

## CORPORATE HISTORY

The Eriton Railroad was incorporated October 3, 1906, under the general laws of Pennsylvania, for the purpose of constructing and operating a railroad from Eriton Mines, Pa., to a connection with the railroad of the Buffalo, Rochester and Pittsburgh Railway Company near Clearfield and Mahoning Junction, Pa. The date of organization was October 13, 1906.

## DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The owned mileage of the Eriton Railroad, extending from a connection with the railroad of the Buffalo, Rochester and Pittsburgh Railway Company at Eriton Junction to Eriton Mines, Pa., 0.889 mile, was constructed for it by the Erie, during the period from October, 1906, to January, 1908.

## HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records of the Eriton Railroad do not indicate that any syndicating arrangements were made in connection with the issuance of its securities. The financial arrangements of the company have included the issuance of its securities for cash and liquidation in part of indebtedness to the Erie, and the incurring of nonnegotiable debt to that company for the construction of its property.

*Capital stock and long-term debt.*—From the date of its incorporation, October 3, 1906, to date of valuation, the Eriton Railroad has issued capital stock and incurred nonnegotiable debt to affiliated companies, as shown by its records, aggregating \$51,917.34, of which \$41,917.34 is actually outstanding, as summarized in the following table: