

Material and supplies.—The Goshen and Deckertown 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 Goshen and Deckertown, owned but not used, leased to and devoted to common-carrier purposes by the Erie, is found to be \$275,000. 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.

JEFFERSON RAILROAD

Capital stock and long-term debt.—The Jefferson Railroad reports that it had outstanding, on date of valuation, a total par value of \$6,576,958.13 in stock and long-term debt, of which \$2,096,050 represented common stock, \$3,100,000 funded debt, and \$1,380,908.13 nonnegotiable debt to predecessors of the Erie.

Original cost to date.—The original cost to date of all common-carrier property of the Jefferson Railroad 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 Jefferson Railroad in road, including land, no equipment being owned, on date of valuation, is stated as \$6,576,958.13 in a certified balance sheet statement prepared by the company's comptroller. This amount, which can not be analyzed, because no accounting records are obtainable, is equal to the par value of stock and long-term debt outstanding.

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 but not used by the Jefferson Railroad, leased to the Erie, including owned portions of joint minor facilities, are \$3,001,639 and \$2,407,108 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 Jefferson Railroad 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 Jefferson Railroad owns but does not use 561.62 acres of lands which are leased to the Erie for common-carrier purposes. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable, but

83 Val. Rep.

data thereon will be found in Appendix 2. Their present value, including this company's portion of jointly owned land, is \$35,735.

Rights in private lands.—The Jefferson Railroad owns but does not use rights in private lands, which are leased to the Erie for common-carrier purposes. No costs, supported by accounting records, have been found for these rights. Their present value is \$330.

Property held for purposes other than those of a common carrier.—The Jefferson Railroad owns and holds for noncarrier purposes 8.99 acres of lands, located in Pennsylvania. These lands were acquired through aids. Their present value is \$146.

Aids, gifts, grants of rights of way, and donations.—Of the lands included in the preceding statements of lands owned by the Jefferson Railroad, the areas listed below were acquired through aids, the title thereto having been conveyed to it by deeds reciting merely nominal or no considerations. We are not able to report the value of these lands at the time acquired.

Classification	Acres	Present value
Carrier lands, owned but not used.....	107.83	\$10,229
Noncarrier lands, owned.....	8.99	146

Material and supplies.—The Jefferson Railroad 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 Jefferson Railroad, owned but not used, leased to and devoted to common-carrier purposes by the Erie, is found to be \$2,525,000. 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.

LONG DOCK COMPANY

Capital stock and long-term debt.—The Long Dock Company had outstanding, on date of valuation, a total par value of \$8,553,803.72 in stock and long-term debt, of which \$800,000 represented common stock, \$7,500,000 funded debt, and \$253,803.72 nonnegotiable debt to the Erie.

Original cost to date.—The original cost to date of all common-carrier property of the Long Dock Company can not be ascertained, as the necessary records are not obtainable. Such information

83 Val. Rep.

GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement of the Goshen and Deckertown, as of date of valuation, follows:

ASSETS	
Investments:	
Investment in road and equipment.....	\$342, 690. 00
Current assets:	
Cash.....	2, 983. 75
Rents receivable.....	4, 758. 75
Total.....	7, 742. 50
Grand total.....	350, 432. 50
LIABILITIES	
Stock:	
Capital stock.....	96, 190. 00
Long-term debt:	
Funded debt unmatured.....	246, 500. 00
Current liabilities:	
Interest matured unpaid.....	5, 595. 00
Unmatured interest accrued.....	600. 00
Total.....	6, 195. 00
Corporate surplus:	
Profit and loss, credit balance.....	1, 547. 50
Grand total.....	350, 432. 50

JEFFERSON RAILROAD

INTRODUCTORY

The Jefferson Railroad is a corporation of the State of Pennsylvania, having its principal office at Dunmore, Pa. No general 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, filed with us, and from other sources.

The Jefferson Railroad is controlled by the Erie through ownership of the entire outstanding capital stock. The records reviewed do not indicate that this company controls any common-carrier corporation.

The property of the Jefferson Railroad was operated by the Erie Railway Company and its receivers from the date of its acquirement, to June 1, 1878. From this date to December 1, 1895, the property was operated by The New York, Lake Erie and Western Railroad Company and its receivers, and from the latter date to December 31, 1917, it was operated by the Erie. The common-carrier property of the company was taken over for operation by the United States Railroad Administration on January 1, 1918, as part of the system of the Erie, and it is so operated on date of valuation.

83 Val. Rep.

CORPORATE HISTORY

The Jefferson Railroad was incorporated April 28, 1851, by special act of the Legislature of Pennsylvania to construct and operate a line of railroad from a point in Pike County to any point on the New York State line in Susquehanna County, Pa., and to construct branch lines. The date of its organization was March 4, 1864.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The owned mileage of the Jefferson Railroad, 45.015 miles, was all acquired by construction. The years when the various portions of the line were constructed are indicated in the following statement.

	Mileage
West Hawley to East Honesdale, Pa., 1867 to December, 1868.....	8. 222
Lanesboro to Carbondale, 1869 to 1870.....	36. 434
Edgerton branch, prior to 1884.....	2. 500
Erie Colliery branch, prior to 1884.....	. 339
	<hr/>
Total.....	47. 495
Less mileage abandoned, Edgerton branch, 1909-1910.....	2. 500
	<hr/>
Net total recorded mileage.....	44. 995
Difference between net total recorded mileage and mileage inventoried as of date of valuation.....	. 020
	<hr/>
Mileage inventoried as of date of valuation.....	45. 015

In the construction of the road built for the Jefferson Railroad, its main line extending from Lanesboro to Carbondale, was constructed under contract by Henry A. Fonde & Company, contractors. The branch line extending from West Hawley to East Honesdale was constructed partly by Genty, Jones, and Manning, contractors, and partly by the forces of the Erie Railway Company. It could not be determined by whom the other two branches were constructed.

HISTORY OF CORPORATE FINANCING

Syndicating, banking, and other financial arrangements.—The records reviewed do not indicate that the Jefferson Railroad had any syndicating arrangements in connection with the issuance of its securities. The contract between the Jefferson Railroad and Henry A. Fonde & Company, contractors, for the construction of its road extending from Lanesboro to Carbondale provided that the Jefferson Railroad should pay the contractors for constructing this line, \$2,000,000 par value of its capital stock and \$2,000,000 par value of its first-mortgage bonds. In order to provide funds for construction purposes, \$1,500,000 par value of the first-mortgage bonds that had been issued to the contractors were turned over to the Erie Railway Company under an arrangement whereby the latter company agreed to dispose of \$1,500,000 par value of its investments in bonds of the Boston, Hartford and Erie Railroad Company at 90 per cent of par, the proceeds of which were to be turned over to the contractors. The Erie Railway Company later agreed to purchase at 80 per cent of par, the remaining \$500,000 par value of first-mortgage bonds of the company that had been issued to the contractors.

Capital stock and long-term debt.—The Jefferson Railroad has capital stock and long-term debt outstanding on date of valuation, as shown by its certified

33 Val. Rep.

balance sheet statement, aggregating \$6,576,958.13 par value, of which \$2,096,050 represents capital stock, \$3,100,000 funded debt, and \$1,380,908.13 non-negotiable debt to affiliated companies.

Capital stock.—The Jefferson Railroad has \$2,096,050 par value of capital stock actually outstanding. The records reviewed indicate that \$2,000,000 par value thereof was issued to the construction company in part payment for the construction of its property. The considerations received for the remainder, \$96,050 par value, were not ascertained.

Funded debt.—The records reviewed indicate that the Jefferson Railroad has issued during its corporate life funded debt aggregating \$5,100,000 par value, of which \$3,100,000 par value is actually outstanding. The considerations received or given for funded debt when issued or retired could not be ascertained from the records reviewed, except that \$2,000,000 par value of first-mortgage, 7 per cent bonds, which the records indicate were issued in 1889 to the contractors in part payment for the construction of its property. The Jefferson Railroad issued \$2,800,000 par value of first-mortgage, 5 per cent bonds, due April 1, 1908, for the purpose of retiring the bonds referred to above and to provide funds for double tracking its road between Lanesboro and Carbondale. At the maturity of these latter bonds, the Erie caused them to be extended to July 1, 1927.

A statement of the funded debt actually outstanding on date of valuation follows:

Title of security	Actually outstanding
Unmatured:	
Issued—	
First-mortgage 7 per cent bonds, dated July 1, 1867, due July 1, 1887, extended to July 1, 1927, at 4½ per cent.....	\$204,000
Second-mortgage 7 per cent bonds, dated Jan. 1, 1869, due Jan. 1, 1889, extended to Jan. 1, 1929, at 6 per cent.....	96,000
First-mortgage 5 per cent bonds, issued Jan. 1, 1889, due Apr. 1, 1908, extended to Apr. 1, 1919.....	2,800,000
Total.....	3,100,000

Nonnegotiable debt to affiliated companies.—The report filed by the Jefferson Railroad with us as of December 31, 1917, and its balance sheet statement as of date of valuation, shows an indebtedness of affiliated companies aggregating \$1,380,908.13, divided as follows: New York, Lake Erie and Western, \$468,276.02; Erie Railway Company, \$912,632.11. The books of the two last-named companies, predecessors of the Erie, record that they made expenditures aggregating \$1,781,141.28 for construction and improvement of the property of the Jefferson Railroad, which were charged to accounts styled "Jefferson Railroad—Construction." Of the above amount \$358,883.06 had been repaid, leaving \$1,422,258.22 due those companies on the date of their demise.

The considerations recorded in the records of the New York, Lake Erie and Western Railroad Company and the Erie Railway Company in connection with the above expenditures and the partial repayment thereof by the Jefferson Railroad were as detailed in the following table:

45731°—31—33 VAL. REP.—19

Amount	Consideration	Recorded value
<i>Incurring</i>		
\$1,401,919.21	Cash.....	\$1,401,919.21
331,000.00	Investment in bonds of the Jefferson Railroad.....	331,000.00
7,500.00	Loss on sale of bonds of the Jefferson Railroad.....	7,500.00
40,722.07	Indeterminable.....	40,722.07
1,781,141.28	Total.....	1,781,141.28
<i>Repaid</i>		
\$20,883.06	Cash.....	20,883.06
338,000.00	Funded debt issued by the Jefferson Railroad to contractor, par value.....	338,000.00
358,883.06	Total.....	358,883.06
<i>Owing</i>		
\$468,276.02	The New York, Lake Erie and Western Railroad Company.	
953,982.20	Erie Railway Company.	

Details of the difference of \$41,350.09 between the amounts owing the New York, Lake Erie and Western Railroad Company and the Erie Railway Company as shown above, aggregating \$1,422,258.22, and the aggregate amount of \$1,380,908.13 included in the certified balance sheet statement of the Jefferson Railroad as nonnegotiable debt to those companies on date of valuation, were not obtained.

RESULTS OF CORPORATE OPERATIONS

The results of corporate operations for the year ended December 31, 1917, as stated in the report of the Jefferson Railroad to us as of that date, are given below.

Nonoperating income:

Income from lease of road.....	\$154,940
Gross income.....	154,940

Deductions from gross income:

Interest on funded debt.....	154,940
------------------------------	---------

INVESTMENT IN ROAD AND EQUIPMENT

The investment of the Jefferson Railroad in road, including land, no equipment being owned, on date of valuation is stated in its certified balance sheet statement as \$6,576,958.13. A general analysis of this amount can not be given, for the reason that no accounting records were obtained. This amount is equal to the par value of capital stock and long-term debt of the Jefferson Railroad outstanding on date of valuation.

ORIGINAL COST TO DATE

The original cost to date of the road, including land, there being no equipment, owned by the Jefferson Railroad and used for common-carrier purposes has not been definitely ascertained. The data obtained on the outlay for creating and improving such property are those found in the accounts of the Erie and two of its predecessors, summarized as follows:

Erie:

Charged to improvements on leased railway property account:

Recorded money outlay.....	\$54,475.39
----------------------------	-------------

Credit given the United States Railroad Administration in	
---	--

open account for recorded outlay by it.....	1,760.10
---	----------

33 Val. Rep.

Erie—Continued.

Charged to accounts styled "Jefferson Railroad, Construction":

The New York, Lake Erie and Western Railroad Company—

Recorded money outlay..... \$489, 159. 08

Erie Railway Company—

Recorded money outlay..... 912, 760. 13

Investment in bonds of the Jefferson Railroad recorded value..... 331, 000. 00

The several classes of outlay are summarized as follows:

Recorded money outlay.....	\$1, 456, 394. 60
Investment in securities, recorded value.....	331, 000. 00
Credit given the United States Railroad Administration in open account for recorded outlay by it.....	1, 760. 10

In addition to the foregoing data on original cost obtained from sources indicated above 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 Jefferson Railroad 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 \$93,976.63, of which the company states that \$4,975.89 was charged to operating expenses, \$54,780.37 was charged to income, and \$34,220.37 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 Jefferson Railroad 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.

Cost of lands.—The Jefferson Railroad reports amounts aggregating \$47,152.80 as the outlays by itself in connection with lands and rights owned by it, and that the proceeds from the sale of parts of parcels of such lands aggregate \$500. A verification of the amounts indicates that the reported outlays should be increased by \$14.30, due to understatement of costs.

The returns include certain lands classified as carrier and certain lands classified as noncarrier for which merely nominal deed considerations are reported, certain lands held by adverse possession, 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, and certain lands for which deed considerations and other than money are reported.

The amounts reported as costs incurred for the remaining lands, or rights owned, after making the change noted, are made up in part of costs supported by accounting records and in part of substantial considerations named in deeds, or other instruments, which were returned as costs, but not supported by account-

83 Val. Rep.

ing records. These amounts and the proceeds from parts of parcels sold, both classified according to the classification herein of the lands or rights to which they apply, are summarized as follows:

Classification	Costs supported by accounting records	Amounts not supported by accounting records
Lands classified as carrier:		
Owned but leased to the Erie (includes \$58.75 unsupported costs not separable as to land classified as carrier and a right in private lands).....	\$5,896.25	\$36,262.25
Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of.....	200.00	300.00
Owned jointly but leased to others.....		5,006.50
Total.....	5,896.25	41,268.75
Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of.....	200.00	300.00
Rights in private lands classified as carrier:		
Owned but leased to the Erie (see remarks under carrier lands).....		2.10

Cost of machinery and equipment.—The Jefferson Railroad reports that it owns certain shop machinery, with estimated costs of \$182.95, which is leased to the Erie. It also reports that it does not own any equipment or roadway machines, and none have been inventoried to it.

AIDS, GIFTS, GRANTS, AND DONATIONS

The Jefferson Railroad reports that it has not received any aids, gifts, grants, or donations. An examination of the records does not indicate that any were received. The report upon the cost of its lands shows that certain parcels were acquired by it through deeds that recite merely nominal considerations, and certain parcels with no consideration named in instruments. 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 common-carrier property of the Jefferson Railroad is operated on date of valuation 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 Jefferson Railroad, as of date of valuation, certified by the comptroller of the company, follows:

ASSETS	
Investments:	
Investment in road and equipment.....	\$6,576,958.13
Current assets:	
Rents receivable.....	35,000.00
Grand total.....	6,611,958.13

LIABILITIES	
Stock:	
Capital stock.....	2,096,050.00

83 Val. Rep.

Long-term debt:	
Funded debt unmatured.....	\$3, 100, 000. 00
Nonnegotiable debt to affiliated companies.....	1, 380, 908. 13
	<hr/>
Total.....	4, 480, 908. 13
	<hr/> <hr/>
Current liabilities:	
Unmatured interest accrued.....	35, 000. 00
	<hr/> <hr/>
Grand total.....	6, 611, 958. 13

LONG DOCK COMPANY

INTRODUCTORY

The Long Dock Company is a corporation of the State of New Jersey, having its principal office at Jersey City, N. J. The accounting records of this company obtained cover the periods from date of its organization to May, 1873, and from June, 1911, on which date new books were opened, to date of valuation. Therefore, no information can be given from its accounts regarding its financial dealings, corporate operations, or investments for the period from June, 1873, to May, 1911. However, certain information indicated hereinafter has been taken from sources other than the accounting records of this company.

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

The property of the Long Dock Company has been operated by various companies and their receivers from the date of completion to December 31, 1917, as follows:

The New-York and Erie Rail-Road Company and its receivers.....	Completion to Dec. 31, 1861.
Erie Railway Company and its receivers.....	Jan. 1, 1861, to May 31, 1878.
The New York, Lake Erie and Western Railroad Company and its receivers.....	June 1, 1878, to Nov. 30, 1895.
Erie Railroad Company.....	Dec. 1, 1895, to Dec. 31, 1917.

The property of the Long Dock 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 Long Dock Company was incorporated February 26, 1856, by special act of the State of New Jersey, for the purpose of constructing a railroad within the limits of Hoboken and Jersey City, N. J.; also to construct docks, piers, and bulkheads and establish a ferry at or near Pavonia Avenue, Jersey City, N. J. The date of organization was March 4, 1856.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The owned mileage of the Long Dock Company, extending from Jersey City passenger station to Bridge Creek, N. J., 2.882 miles, was all acquired by construction and was completed in 1861. The construction work was performed by various contractors, none of whom appear to have been affiliated with the company.

83 Val. Rep.