

trolled by any individual or corporation on the date of its demise, about 1852, exact date unknown, nor, on the other hand, whether it controlled any common-carrier corporation.

The railroad owned by the company consisted of 27 miles of single-track, steam railroad, extending from the Pennsylvania-New York State line, near Lawrenceville to Blossburg, Pa. This property was all acquired by construction. The records reviewed did not indicate whether the construction work was performed by forces of the company or by contract. Further details with respect to the construction of this property are given in the chapter on development of fixed physical property in the report on the Tioga Railroad.

It was not determined what securities were issued by The Tioga Navigation Company, nor what securities were outstanding on date of its demise.

The history referred to states that by an act of the Legislature of the State of Pennsylvania, approved April 14, 1835, the State of Pennsylvania was authorized to "guarantee the payment of 5 per cent interest per annum for twenty years on the principal of \$150,000, which The Tioga Navigation Company was to acquire from any person or persons or body corporate, who may become subscribers to the capital stock of the latter company, or who may loan to the company the above sum; provided, that the income and receipts arising from the use of the road shall be insufficient to pay such interest." This history also states that under this act, during the period from April 16, 1845, to April 10, 1849, the State of Pennsylvania apparently advanced the company amounts aggregating \$31,647.15.

SECTION 2

Valuation Docket No. 831

The Wilkes-Barre and Eastern Railroad Company and Susquehanna Connecting Railroad Company

Location and general description of properties.—The railroad operated by The Wilkes-Barre and Eastern Railroad Company, herein called the Wilkes-Barre and Eastern, is a standard-gage, steam railroad, located in northeastern Pennsylvania. The owned mileage consists of a main line extending northwesterly from Stroudsburg to Wilkes-Barre and a short branch at Westminster, aggregating 64.554 miles of road owned and used. The company also owns and uses 0.849 mile of second main track at Wilkes-Barre. In addition, the Wilkes-Barre and Eastern uses but does not own 17.801 miles of road leased from other companies, of which 10.239 miles consist of branch lines in the vicinity of Scranton, Lackawanna County, Pa., and are part of the road owned by the New York, Susquehanna and Western Railroad Company. The remaining leased road is owned by a lessor, as described in the following paragraph.

The railroad of the Susquehanna Connecting Railroad Company, herein called the Susquehanna Connecting Railroad, which is leased to and operated by the Wilkes-Barre and Eastern, is a single-track line extending from Suscon northerly to Minooka, with a branch to Jermyn, aggregating 7.562 miles of road.

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The Wilkes-Barre and Eastern wholly owns and uses 87.663 miles of all tracks, and wholly uses but does not own 23.916 miles of all tracks. These tracks, consisting of first and second main tracks and yard tracks and sidings, are classified in the trackage table in Appendix 1.

The Wilkes-Barre and Eastern is a part of the Erie Railroad Company system, its main line being the western portion of a through route from New York, N. Y., to Wilkes-Barre, Pa.

WILKES-BARRE AND EASTERN

Capital stock and long-term debt.—The Wilkes-Barre and Eastern had outstanding, on date of valuation, a total par value of \$6,085,711.90 in stock and long-term debt, of which \$3,000,000 represents common stock, \$3,000,000 funded debt, and \$85,711.90 nonnegotiable debt to an affiliated company.

Results of corporate operations.—For the period from December 1, 1893, to December 31, 1917, the aggregate railway operating expenses were 61.5 per cent of the railway operating revenues. No dividends have been declared, but the net profit or loss from operations to December 31, 1917, has been transferred to or assumed by the New York, Susquehanna and Western, the sole stockholder.

Original cost to date.—The original cost to date of the common-carrier property of the Wilkes-Barre and Eastern 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 Wilkes-Barre and Eastern in road and equipment, including land, on date of valuation, is stated in its books as \$6,085,711.90. Of this amount, \$3,085,711.90 represents 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 amount stated above includes the inseparable cost of procuring tonnage contracts, and may also include some or all of the cost of the noncarrier lands and structures 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 or used

by the Wilkes-Barre and Eastern, including owned portions of joint minor facilities, are as follows:

Classification	Cost of re-production new	Cost of re-production less depreciation
Owued and used.....	\$3, 743, 011	\$2, 986, 333
Used but not owned, leased from—		
Susquehanna Connecting Railroad.....	370, 720	301, 797
New York, Susquehanna and Western.....	333, 990	270, 428
Total.....	704, 710	572, 225
Total owned.....	3, 743, 011	2, 986, 333
Total used.....	4, 447, 721	3, 558, 558

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

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Wilkes-Barre and Eastern owns and uses for common-carrier purposes 672.35 acres of lands. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data on their cost will be found in Appendix 2. The area and present value of the carrier lands owned or used are as follows:

Classification	Acres	Present value
Owued and used.....	672. 35	\$102, 792
Used but not owned, leased from—		
Susquehanna Connecting Railroad.....	69. 34	20, 424
New York, Susquehanna and Western.....	62. 04	89, 215
Total.....	131. 38	109, 639
Total owned.....	672. 35	102, 792
Total used.....	803. 73	212, 431

Rights in private lands.—The Wilkes-Barre and Eastern owns and uses for common-carrier purposes certain rights in private lands. The original cost of these rights can not be ascertained, as the necessary records are not obtainable, but data on their cost will be found in Appendix 2. Their present value is \$300.

Property held for purposes other than those of a common carrier.—The Wilkes-Barre and Eastern owns and holds for noncarrier purposes 47.31 acres of lands, in Pennsylvania. The original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data on their cost will be found in Appendix 2. The present value of the noncarrier lands, including improvements thereon, owned by this company, is \$97,628.

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Aids, gifts, grants of rights of way, and donations.—Of the lands included in the preceding statement of lands owned by the Wilkes-Barre and Eastern, the following were acquired through aids:

Classification	Acres	Present value
Carrier lands, owned and used.....	187.39	\$11,671
Noncarrier lands, owned.....	8.03	5,621

Title to the lands included above was acquired through deeds reciting merely nominal considerations. We are not able to report their value at the time acquired.

Material and supplies.—The Wilkes-Barre and Eastern 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 Wilkes-Barre and Eastern, owned or used, devoted by it to common-carrier purposes, are found to be as follows:

Owned and used.....	\$3,225,000
<hr/>	
Used but not owned, leased from—	
Susquehanna Connecting Railroad.....	340,000
New York, Susquehanna and Western.....	370,000
<hr/>	
Total.....	710,000
<hr/>	
Total owned.....	3,225,000
Total used.....	3,935,000

The records do not show that there was any cash or material and supplies on hand on date of valuation. Accordingly, no working capital is found to be owned or used by the Wilkes-Barre and Eastern separately from that of the New York, Susquehanna and Western which collects the revenues and pays the expenses.

No other values or elements of value to which specific sums can now be ascribed are found to exist.

SUSQUEHANNA CONNECTING RAILROAD

Capital stock and long-term debt.—The Susquehanna Connecting Railroad had outstanding, on date of valuation, \$500,000 par value of common stock. It has no outstanding long-term debt.

Original cost to date.—The original cost to date of the common-carrier property of the Susquehanna Connecting 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 Susquehanna Connecting Railroad in road, including land, no equipment being owned, on date of valuation, is stated as \$500,000 in a balance sheet statement submitted by the company's comptroller. No analysis of this amount can be given, since there are no accounting records.

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 Susquehanna Connecting Railroad, leased to the Wilkes-Barre and Eastern, are \$370,720 and \$301,797, 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 Susquehanna Connecting 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 Susquehanna Connecting Railroad owns but does not use 69.34 acres of land that is leased to the Wilkes-Barre and Eastern for common-carrier purposes. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data on their cost will be found in Appendix 2. Their present value is \$20,424.

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

Aids, gifts, grants of rights of way, and donations.—Of the lands included in the preceding statement of carrier lands owned but not used by the Susquehanna Connecting Railroad, 9.93 acres, present value \$777, were acquired through aids. Title to these lands was acquired through deeds reciting merely nominal considerations. We are not able to report their value at the time acquired.

Material and supplies.—The Susquehanna Connecting 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 Susquehanna Connecting Railroad, owned but not used, leased to and devoted by the Wilkes-Barre and Eastern to common-carrier purposes, is found to be \$340,000.

No working capital, including material and supplies, is found to be owned or used.

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No other values or elements of value to which specific sums can now be ascribed are found to exist.

APPENDIX 1

WILKES-BARRE AND EASTERN

Track mileage.—The track mileage of the Wilkes-Barre and Eastern and its leased line is classified in the following table:

Classification	First main tracks	Second main tracks	Yard tracks and sidings	All tracks
	<i>Miles</i>	<i>Miles</i>	<i>Miles</i>	<i>Miles</i>
Wholly owned and used.....	64. 554	0. 849	22. 260	87. 663
Wholly used but not owned, leased from—				
Susquehanna Connecting Railroad.....	7. 562	-----	3. 942	11. 504
New York, Susquehanna and Western.....	10. 239	-----	2. 173	12. 412
Total.....	17. 801	-----	6. 115	23. 916
Total wholly owned.....	64. 554	0. 849	22. 260	87. 663
Total wholly used.....	82. 355	0. 849	28. 375	111. 579

Traffic connections.—The Wilkes-Barre and Eastern has connections with other carrier for interchange of traffic as follows:

The Central Railroad Company of New Jersey.	Union Junction, Pa.
The Delaware and Hudson Company....	Minooka and Yatesville, Pa.
The Delaware, Lackawanna and Western Railroad Company.	Dunmore, Priceville, Taylor, and Winton, Pa.
Erie Railroad Company.....	Dunmore, Hillside Junction, and Jessup, Pa.
Lehigh Valley Railroad Company.....	Jenkins Junction and Taylor, Pa.
New York, Ontario and Western Railway Company.	Olyphant, Priceville, and Winton, Pa.
New York, Susquehanna and Western Railroad Company.	Stroudsburg, Pa.
Scranton Electric Railway Company....	Dunmore, Pa.
Wilkes-Barre Connecting Railroad Company.	Wilkes-Barre, Pa.

Physical conditions affecting construction.—This road traverses a hilly and mountainous country, lying between the Delaware and Susquehanna Rivers. The soil is sandy loam, clay, and gravel. The underlying strata are mainly shale, boulders, sandstone, and limestone.

Economic conditions relating to traffic.—The line is used in conjunction with the road of the New York, Susquehanna and Western Railroad Company for the principal purpose of transporting coal from the Pennsylvania fields to New York City.

Physical characteristics of road.—The grading is comparatively heavy, averaging about 33,000 cubic yards per mile, of which 18 per cent is classified as loose rock and 38 per cent solid rock. The most important bridge on the road is the crossing of the Susquehanna River. This structure is 3,017 feet in length and consists of 22 deck-plate girders and 6 deck-truss spans, double-track, on 2 stone abutments, 6 stone piers, 7 concrete piers, and 22 concrete pedestals. The cross-ties in the

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main tracks average about 2,850 per mile and are mostly untreated pine and oak. The main track is laid chiefly with new 80-pound rail. Cinders and gravel are the materials used for ballast.

Equipment.—The Wilkes-Barre and Eastern owns and uses 17 steam locomotives, 1 freight-train car, 5 passenger-train cars, and 3 units of work equipment.

Engineering and general expenditures.—Engineering has been estimated at 4 per cent on road accounts 3 to 47. General expenditures, exclusive of interest, have been estimated at 1.5 per cent on road accounts 1 to 47, exclusive of account 2. Interest during construction has been estimated for one-half the construction period, plus 3 months, at 6 per cent per annum on all road and general-expenditures accounts, except accounts 2 and 76. Interest on equipment has been estimated for 3 months at 6 per cent per annum. The construction period was placed at 18 months for the Wilkes-Barre and Eastern's owned property, and at 12 months for the property owned by the Susquehanna Connecting Railroad.

SUMMARIES

The owned or used portions of joint minor facilities are included in the following summaries.

WILKES-BARRE AND EASTERN

Owned and used

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
I. ROAD			
1	Engineering.....	\$126,587	\$126,587
3	Grading.....	1,193,864	1,190,114
6	Bridges, trestles, and culverts.....	713,771	564,439
8	Ties.....	256,281	129,476
9	Rails.....	300,724	273,004
10	Other track material.....	99,022	64,605
11	Ballast.....	122,925	64,553
12	Tracklaying and surfacing.....	154,007	104,725
13	Right-of-way fences.....	637	319
14	Snow and sand fences and snow sheds.....	208	104
15	Crossings and signs.....	8,463	6,162
16	Station and office buildings.....	41,377	24,133
17	Roadway buildings.....	10,690	6,540
18	Water stations.....	31,329	20,755
20	Shops and engine houses.....	109,584	75,333
26	Telegraph and telephone lines.....	1,561	637
27	Signals and interlockers.....	3,552	2,355
32	Power-distribution systems.....	2,530	1,366
37	Roadway machines.....	451	339
38	Roadway small tools.....	1,620	810
44	Shop machinery.....	112,092	61,541
Total, 1, and 3 to 47, inclusive.....		3,291,275	2,717,897
II. EQUIPMENT			
51	Steam locomotives.....	176,006	49,500
53	Freight-train cars.....	810	389
54	Passenger-train cars.....	21,419	9,746
57	Work equipment.....	709	615
Total, 51 to 58, inclusive.....		198,944	60,250
III. GENERAL EXPENDITURES			
71	Organization expenses.....	49,369	40,966
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	203,423	167,220
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		252,792	208,186
Grand total, 1, and 3 to 77, inclusive.....		8,743,011	2,986,333

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Used but not owned, leased from the New York, Susquehanna and Western Railroad Company

Ac- count	Classes	Cost of re- production new	Cost of repro- duction less depreciation
I. ROAD			
1	Engineering.....	\$12,111	\$12,111
3	Grading.....	90,285	88,832
6	Bridges, trestles, and culverts.....	93,047	70,205
8	Ties.....	31,848	16,223
9	Rails.....	36,823	34,536
10	Other track material.....	12,261	8,154
11	Ballast.....	12,021	6,012
12	Tracklaying and surfacing.....	20,580	14,406
13	Right-of-way fences.....	264	132
15	Crossings and signs.....	3,169	2,354
27	Signals and interlockers.....	1,570	1,272
37	Roadway machines.....	906	716
Total, 1, and 3 to 47, inclusive.....		314,885	254,953
III. GENERAL EXPENDITURES			
71	Organization expenses.....	4,723	3,828
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	14,382	11,649
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		19,105	15,475
Grand total, 1, and 3 to 77, inclusive.....		333,990	270,428

SUSQUEHANNA CONNECTING RAILROAD

Owned but not used, leased to the Wilkes-Barre and Eastern

Ac- count	Classes	Cost of re- production new	Cost of repro- duction less depreciation
ROAD			
1	Engineering.....	\$13,443	\$13,443
3	Grading.....	99,881	99,609
6	Bridges, trestles, and culverts.....	91,248	70,629
8	Ties.....	33,501	16,910
9	Rails.....	32,601	30,558
10	Other track material.....	14,253	9,324
11	Ballast.....	7,970	3,986
12	Tracklaying and surfacing.....	19,853	13,699
13	Right-of-way fences.....	204	103
15	Crossings and signs.....	2,392	1,808
16	Station and office buildings.....	1,376	900
17	Roadway buildings.....	1,244	626
18	Water stations.....	1,617	324
19	Fuel stations.....	9,726	6,808
20	Shops and engine houses.....	18,543	14,471
26	Telegraph and telephone lines.....	96	42
27	Signals and interlockers.....	1,543	1,281
44	Shop machinery.....	22	11
Total, 1, and 3 to 47, inclusive.....		349,513	284,622
III. GENERAL EXPENDITURES			
71	Organization expenses.....	5,243	4,246
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	15,964	12,929
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		21,207	17,175
Grand total, 1, and 3 to 77, inclusive.....		370,720	301,797

APPENDIX 2

WILKES-BARRE AND EASTERN

INTRODUCTORY

The Wilkes-Barre and Eastern is a corporation of the State of Pennsylvania, having its principal office at Dunmore, Pa. The accounting records of the company record its investments and financial transactions prior to June 30, 1897, but all of its transactions subsequently to that date covering investments and financial transactions and the results of corporate operations for its entire life are recorded in the records of the New York, Susquehanna and Western. Therefore, the accounting data in this report were obtained from the records of the Wilkes-Barre and Eastern or the New York, Susquehanna and Western.

The Wilkes-Barre and Eastern is controlled by the New York, Susquehanna and Western through the ownership of the entire outstanding capital stock. The records do not indicate that this company controls any common-carrier corporation.

The property of the Wilkes-Barre and Eastern was operated by its own organization from the date of completion to December 31, 1917. On January 1, 1918, the common-carrier property of the company was taken over for operation by the United States Railroad Administration, which operates it on date of valuation.

CORPORATE HISTORY

The Wilkes-Barre and Eastern was incorporated March 8, 1892, for a period of 999 years, under the general laws of Pennsylvania, for the purpose of constructing and operating a railroad from Wilkes-Barre, Pa., to a point on the Delaware River at or near the Delaware Water Gap. The date of its organization was April 19, 1892.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The owned mileage of the Wilkes-Barre and Eastern, 64.554 miles, was all acquired by construction. The years when the various portions of the line were constructed are indicated in the following statement.

	Mileage
Stroudsburg to Market Street, Wilkes-Barre, Pa., 1892 to Dec. 1, 1893..	64. 985
Connection with the railroad of the Wilkes-Barre Connecting Railroad Company west of the Susquehanna River at Wilkes-Barre, Pa., about 1913.....	. 181
Connection with the railroad of the Wilkes-Barre Connecting Railroad Company west of depot at Plains, Pa., about 1913.....	. 062
Westminster Junction, Pa., to a connection with the Everhart Branch of The Central Railroad Company of New Jersey, about 1896.....	. 470
	65. 698
Less mileage abandoned, from a point west of the Susquehanna River to Market Street, Wilkes-Barre, Pa., about 1905.....	1. 126
	64. 572
Total recorded mileage.....	64. 572
Difference between total recorded mileage and mileage inventoried as of date of valuation.....	. 018
	64. 554
Mileage inventoried as of date of valuation.....	64. 554

In the construction of the road built for the Wilkes-Barre and Eastern, its main line extending from Stroudsburg to Wilkes-Barre, Pa., was constructed

under contract, during 1892 and 1893, by the Wilkes-Barre and Hudson River Construction Company, which was affiliated with the company, and by forces of the New York, Susquehanna and Western. The records reviewed do not indicate whether the remaining portions of road constructed for the company were constructed under contract or by company forces.

HISTORY OF CORPORATE FINANCING

Syndicating, banking, and other financial arrangements.—The records of the Wilkes-Barre and Eastern do not indicate that any syndicating arrangements were made in connection with the issuance of its securities. The funds used in the construction of its property were obtained by the issuance of its securities and the incurring of nonnegotiable debt to the New York, Susquehanna and Western.

The conditions under which and the considerations for which the Wilkes-Barre and Eastern issued its securities and incurred other indebtedness are described in detail in the sections of this chapter devoted to capital stock, long-term debt, and other obligations.

Capital stock and long-term debt.—From the date of its incorporation, March 8, 1892, to date of valuation, the company has issued capital stock and funded debt and incurred nonnegotiable debt to affiliated companies, as shown by its records, aggregating \$6,085,711.90, all of which are actually outstanding. Of this amount, \$3,000,000 represents capital stock, \$3,000,000 funded debt, and \$85,711.90 nonnegotiable debt to affiliated companies.

Capital stock.—The authorized capital stock of the company is \$3,000,000 par value, divided into shares of \$50 par value each and classified as common stock. All of this stock was issued at par for cash and is actually outstanding.

Funded debt.—The Wilkes-Barre and Eastern issued first-mortgage, 5 per cent bonds, dated June 1, 1892, due June 1, 1942, in the par value of \$3,000,000, all of which are actually outstanding. These bonds are guaranteed as to principal and interest by the New York, Susquehanna and Western, and were issued at par to the Wilkes-Barre and Hudson River Construction Company in part payment for the construction of road.

Nonnegotiable debt to affiliated company.—The Wilkes-Barre and Eastern is indebted to the New York, Susquehanna and Western in the amount of \$85,711.90, covering advances by the New York, Susquehanna and Western for construction and additions and betterments.

RESULTS OF CORPORATE OPERATIONS

The results of corporate operations, as shown in the income accounts of the Wilkes-Barre and Eastern, as recorded in the books of the New York, Susquehanna and Western and the United States Railroad Administration, are given separately below.

Income statement of the Wilkes-Barre and Eastern.—A condensed summary of the income accounts for the year ending December 31, 1917, and for the period December 1, 1893, to date of valuation, follows.

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	Year	Period
Operating income:		
Railway operating revenues.....	\$672, 151. 94	\$14, 711, 325. 17
Railway operating expenses.....	510, 387. 17	9, 047, 847. 13
Net revenue from railway operations.....	161, 764. 77	5, 663, 478. 04
Railway tax accruals.....	9, 308. 82	147, 948. 31
Uncollectible railway revenues.....		11. 46
Total operating income.....	152, 455. 95	5, 515, 518. 27
Nonoperating income:		
Hire of equipment.....	18, 386. 90	33, 370. 30
Joint-facility rent income.....		216, 020. 05
Income from lease of road.....		89, 773. 74
Miscellaneous rent income.....	60, 647. 59	271, 886. 81
Contributions from other companies.....		180, 330. 30
Miscellaneous income.....	154. 50	265. 00
Total.....	79, 188. 99	791, 646. 20
Gross income.....	231, 644. 94	6, 307, 164. 47
Deductions from gross income:		
Hire of equipment.....	100. 00	271, 869. 13
Joint-facility rents.....	8, 214. 77	82, 727. 84
Rent for leased roads.....		623, 556. 50
Miscellaneous rents.....		26, 515. 06
Interest on funded debt.....	150, 000. 00	3, 681, 250. 00
Income transferred to other companies.....	73, 046. 37	1, 620, 704. 14
Miscellaneous income charges.....	283. 80	541. 80
Total.....	231, 644. 94	6, 307, 164. 47

During the period January 1, 1918, to date of valuation the Wilkes-Barre and Eastern has accrued rental as due from the United States Railroad Administration for the use of its road amounting to \$89,773.74. The Wilkes-Barre and Eastern has no recorded profit and loss account. All of the net results from the operations of its property have been transferred to the New York, Susquehanna and Western.

Income statement of the United States Railroad Administration.—A condensed statement of the income accounts for the period January 1, 1918, to date of valuation, follows.

Operating income:	
Railway operating revenues.....	\$370, 010. 01
Railway operating expenses.....	375, 230. 88
Net deficit from railway operations.....	5, 220. 87
Railway tax accruals.....	5, 149. 98
Uncollectible railway revenues.....	. 27
Total operating deficit.....	10, 371. 12
Nonoperating income:	
Hire of equipment.....	25, 658. 30
Joint-facility rent income.....	29, 977. 48
Total.....	55, 635. 78
Gross income.....	45, 264. 66
Deductions from gross income:	
Joint-facility rents.....	3, 047. 87
Income transferred to other companies.....	42, 216. 79
Total.....	45, 264. 66

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The net results from the operations of this property by the United States Railroad Administration in the amount of \$42,216.79, as shown above, were transferred to the income account of the United States Railroad Administration covering the operations of the property of the New York, Susquehanna and Western Railroad Company as income from separately operated properties. During this period the United States Railroad Administration has not accrued rental as payable to the Wilkes-Barre and Eastern for use of its road.

Dividends.—The Wilkes-Barre and Eastern has not declared any dividends on its capital stock to date of valuation.

INVESTMENT IN ROAD AND EQUIPMENT

The investment of the Wilkes-Barre and Eastern in road and equipment, including land, on date of valuation is stated in its books as \$6,085,711.90, all for original construction and additions and betterments, of which the following is a general analysis.

Recorded money outlay.....	\$3, 000, 000. 00
Funded debt issued at par value.....	3, 000, 000. 00
Nonnegotiable debt to affiliated company, being credit given the New York, Susquehanna and Western Railroad Company in an open account.....	85, 711. 90
	<hr/>
Total recorded at date of valuation.....	6, 085, 711. 90

This amount is the result of gross outlays that consist, in part, of considerations other than cash recorded at \$3,085,711.90. 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 \$3,000,000 in recorded money outlay and the \$3,000,000 par value of funded debt included in the investment in road and equipment account, as shown above, was paid to the Wilkes-Barre and Hudson River Construction Company for constructing and equipping its line of road, including the purchase of right of way, and for agreeing to undertake to procure tonnage contracts for the transportation of coal over the road of the Wilkes-Barre and Eastern to the amount of at least 200,000 tons per annum. The amount that was paid for securing tonnage contracts should be deducted from the above outlays, but it is not possible to determine that amount from the records obtained.

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

ORIGINAL COST TO DATE

The original cost to date of the road and equipment, including land, owned by the Wilkes-Barre and Eastern 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 its investment in road and equipment

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account and in the accounts of the New York, Susquehanna and Western Railroad Company, summarized as follows:

Wilkes-Barre and Eastern:

Recorded money outlay.....	\$3, 000, 000. 00
Funded debt issued at par value.....	3, 000, 000. 00
Nonnegotiable debt to affiliated company, recorded value..	85, 711. 90

New York, Susquehanna and Western Railroad Company:

Recorded money outlay, charged to its investment in road and equipment account.....	3, 837. 55
Charged to its improvements to leased railway property account—	
Recorded money outlay.....	4, 053. 16
Credit given the United States Railroad Administration for recorded outlay by it.....	2, 421. 70

The classes of outlay are summarized as follows:

Recorded money outlay.....	\$3, 007, 890. 71
Funded debt issued at par value.....	3, 000, 000. 00
Nonnegotiable debt to affiliated company, recorded value.....	85, 711. 90
Credit given the United States Railroad Administration for recorded outlay by it.....	2, 421. 70

The \$3,000,000 in recorded money outlay and the \$3,000,000 par value of funded debt included in the investment in road and equipment account, as shown above, was paid to the Wilkes-Barre and Hudson River Construction Company for constructing and equipping its line of road, including the purchase of right of way, and for agreeing to undertake to procure tonnage contracts for the transportation of coal over the road of the Wilkes-Barre and Eastern to the amount of at least 200,000 tons per annum. The amount that was paid for securing tonnage contracts should be deducted from the above outlays, but it is not possible to determine that amount from the records obtained.

Besides the several classes of outlay summarized the New York, Susquehanna and Western Railroad Company has charged to its income account items aggregating \$30,232.36 purporting to be for additions and betterments to the property of the Wilkes-Barre and Eastern. However, since it is not possible, solely from an analysis of the accounts, to determine whether such charges represent the cost of additional property still in existence on date of valuation and do not represent renewals or replacements, in whole or in part, of property retired and not written out of the accounts, the amount has not been included in the above summary. On the other hand, it has not been determined whether there should not be some deductions for property retired.

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

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Cost of lands.—The Wilkes-Barre and Eastern reports amounts aggregating \$121,817.92 as the outlays by itself in connection with lands and rights owned or used by it, including noncarrier lands, and that the proceeds from the sale of parts of parcels of such lands aggregate \$7,848. A verification of the amounts indicates that the reported outlays should be reduced by \$20,656.94, and that the proceeds from the sale of parts of parcels sold should be reduced by \$500, as detailed below:

	Amounts	Proceeds from sales
Deductions:		
Lands reported, title to which is vested in the New York, Susquehanna and Western.....	\$20,473.44	\$500
Costs reported for lands, title to which is vested in the Susquehanna Connecting Railroad.....	183.50	-----
Total.....	20,656.94	500

The returns include certain lands 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 received in exchange for other lands, and certain rights in private lands without reported costs.

The amounts reported as costs incurred for the remaining lands or rights owned, after making the changes 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 accounting 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 and used.....	\$217.52	\$79,666.21
Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of.....	-----	5,800.00
Lands classified as noncarrier:		
Owned.....	-----	19,977.25
Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of.....	-----	1,548.00
Lands classified as partly carrier and partly noncarrier:		
Owned and used.....	-----	1,100.00
Rights in private lands classified as carrier:		
Owned and used.....	-----	200.00

The information as to the original cost of the lands and rights owned by the lessor of the Wilkes-Barre and Eastern is given in the report on that company.

Cost of machinery and equipment.—The Wilkes-Barre and Eastern reports that it owns and uses 26 units of equipment, 17 roadway machines, and certain machinery, with costs aggregating \$303,631.17. A verification of the returns indicates that the costs should be reduced by \$88.98, due to track material not inventoried to track equipment. After making the change and classifying the

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returns according to the classification herein of the property to which they apply, the revised returns are summarized as follows:

Classification	Units	Costs supported by accounting records	Amounts estimated by the company or otherwise not supported by accounting records
Machinery:			
Roadway machines.....	17		\$498. 19
Shop machinery.....		\$19, 587. 29	94, 840. 08
Total.....		19, 587. 29	95, 338. 27
Equipment:			
Steam locomotives.....	17	154, 421. 26	10, 837. 81
Freight-train cars.....	1	52. 90	701. 39
Passenger-train cars.....	5	20, 794. 04	1, 397. 23
Work equipment.....	3	110. 00	302. 00
Total.....	26	175, 378. 20	13, 238. 43

Information as to the cost of shop machinery owned by the lessor of the Wilkes-Barre and Eastern is given in the report on that company. In addition, the Wilkes-Barre and Eastern uses under lease 11 roadway machines with estimated costs of \$906, owned by the New York, Susquehanna and Western Railroad Company.

MISCELLANEOUS PHYSICAL PROPERTY

The accounts of the Wilkes-Barre and Eastern do not record any investment in miscellaneous physical property on date of valuation. However, certain lands owned by this company have been classified herein as noncarrier lands. A summary of the costs reported as applying thereto is stated in the chapter on original cost to date.

AIDS, GIFTS, GRANTS, AND DONATIONS

The Wilkes-Barre and Eastern reports that it has not received any aids, gifts, grants, or donations and none was found of record. The report of the Wilkes-Barre and Eastern upon the cost of its land shows that certain lands were acquired by it through deeds that recite merely nominal considerations. Since its records do not indicate that any actual payment was made in the acquisition of these lands, they are herein designated as apparent aids.

LEASED RAILWAY PROPERTY

The property of the Wilkes-Barre and Eastern, together with the property of others that it leased, devoted to common-carrier purposes, was taken over for operation by the United States Railroad Administration on January 1, 1918, and is so operated on date of valuation. The arrangements of the company with other carriers, in effect December 31, 1917, covering the use of joint facilities, have been continued by the United States Railroad Administration during the period January 1, 1918, to date of valuation. The description of the property, the period and terms of use, and the rentals accrued and charged or credited to income for the year ending on December 31, 1917, are as follows:

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Solely owned, but jointly used; used with—

Wilkes-Barre Connecting Railroad Company—

Rentals.

Tracks, 1.054 miles, Plains Section from a point west of the bridge over the Susquehanna River to point of connection with the tracks of the above company west of depot at Plains, Pa.; term 99 years from Dec. 30, 1913; stipulated payment, interest at 5 per cent per annum or valuation of \$153,387.33, less portion, on car basis, of interest at 5 per cent per annum on cost of reconstruction of this section of road; the amount of rental accrued was not ascertained... -----

The Delaware, Lackawanna & Western Railroad Company—

Tracks, 0.797 mile, from a point east of the company's bridge over the tracks of the Central Railroad Company of New Jersey and the Lehigh Valley Railroad Company in the township of Plains, to the company's bridge over the Susquehanna River at Wilkes-Barre, Pa.; agreement effective July 1, 1910; fixed rental of ----- \$2, 500. 00

Solely leased, but jointly used, owned by the New York, Susquehanna and Western, leased by it to the Susquehanna Connecting Railroad and subleased to the Wilkes-Barre and Eastern, used with—

Erie Railroad Company—

Tracks, 4.405 miles, Winton Branch from D. L. & W. Junction to Storrs Junction, Pa.; agreement effective Sept. 2, 1916; annual rental 1 cent per ton-mile ----- 6, 615. 16

Tracks, 0.8 mile, Murray and Spencer branches; agreement effective Dec. 29, 1916; annual rental 5.15 mills per ton... 613. 18

Tracks, 1.82 miles, Dolph Branch; annual rental 5 cents per ton of freight handled ----- 2, 098. 27

The Delaware, Lackawanna and Western Railroad Company—

Tracks, 4.935 miles, Winton and Murray branches; agreement effective Jan. 1, 1908; annual rental 1 cent per ton-mile... 42, 938. 47

Tracks, 0.26 mile, Sibley Branch from D. L. & W. Junction to Sibley Breaker, Pa.; agreement effective Jan. 1, 1908; basis of use or amount of rental was not ascertained... -----

New York, Ontario and Western Railway Company—

Tracks, 0.436 mile, portion of the Winton Branch from connection with the Riverside Branch of the above company and Jessup Colliery; agreement effective Dec. 1, 1908; annual rental 8 mills per ton of freight handled ----- 1, 101. 67

Tracks, 1.043 miles, Johnson Branch; agreement effective June 30, 1890; fixed rental of ----- 600. 00

Tracks, 0.3 mile, portion of Winton Branch; agreement effective July 1, 1908; fixed rental of ----- 10. 00

Tracks, 1.12 miles, portion of Winton Branch; agreement effective Dec. 1, 1908; fixed rental of ----- 500. 00

Solely used, but not owned, owned by—

The Susquehanna Connecting Railroad—

Entire property; term 999 years from Apr. 1, 1897, stipulated payment equal to interest on \$500,000 par value of first-mortgage bonds of the Susquehanna Connecting Railroad and also the sinking-fund payments for redemption of these bonds. No rental has been accrued since the year ended June 30, 1907... -----

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Solely used, but not owned, owned by—Continued.

New York, Susquehanna and Western—

Rentals

Leased to the Susquehanna Connecting Railroad and sub-
leased by it to the Wilkes-Barre and Eastern—

Tracks, 10.239 miles, the Jermyn No. 2, Winton,
Johnson, Dolph (or Sunnyside), Spencer, Murray, and
Sibley branches in Lackawanna County, Pa.; term
999 years from Feb. 26, 1897; in consideration of this
lease the Susquehanna Connecting Railroad issued
its capital stock in the par value of \$500,000 to the
New York, Susquehanna and Western. No rental
has been accrued for use of this property-----

Jointly used, but not owned, owned by—

The Central Railroad Company of New Jersey—

Tracks, 1.4 miles, Everhart Branch, from connection with
the tracks of the Wilkes-Barre and Eastern near West-
minster Junction, Pa., to connection with Minor and
Ridgewood Collieries; for indefinite term from Oct. 1,
1896; stipulated payment 4 cents per ton of freight handled. \$1, 730. 61

The Erie and Wyoming Valley Railroad Company—

Tracks, 1.01 miles, from junction of Hillside Junction
(Brownsville) Branch at Hillside Junction, Pa., and the
main line of the above company to the Consolidated Col-
liery, held under lease by the Erie Railroad Company;
agreement effective Mar. 15, 1917; stipulated payment 5
cents per ton of freight handled----- 3, 065. 29

The Delaware, Lackawanna & Western Railroad Company—

Tracks, 0.20 mile, Sterrick Creek Junction near Winton, Pa.,
on Grassy Island Railroad right of way to its junction with
the Winton Branch of The Delaware, Lackawanna &
Western Railroad Company at Winton, Pa., and thence to
the tracks of the New York, Susquehanna and Western;
agreement effective Jan. 1, 1908; basis of use and amount
of rental was not ascertained-----

Lehigh Valley Railroad Company—

Tracks, 0.29 mile, Austin Branch connecting the New York,
Susquehanna and Western's branch to Jermyn Colliery
(near Moosic, Pa.) 1 and 2, and its branch to Sibley
Breaker near Priceville, Pa.; agreement effective Aug. 18,
1897; basis of use and amount of rental was not ascertained-----

New York, Ontario and Western Railway Company—

Tracks, 0.40 mile, constructed by the above company under
agreement dated July 1, 1908, on the right of way of the
Winton Branch of the New York, Susquehanna and
Western near Olyphant and Priceville, Pa.; basis of use and
amount of rental was not ascertained-----

There are other facilities of minor importance, such as interlockers, crossing-
yard tracks, and sidings, in which the Wilkes-Barre and Eastern grants or re-
ceives joint use, that are not listed in this chapter.

During the period January 1, 1918, to date of valuation the Wilkes-Barre and
Eastern has accrued rental as due from the United States Railroad Administration
for use of its road amounting to \$89,773.74.

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GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement of the Wilkes-Barre and Eastern, as of date of valuation certified by the comptroller of the company, follows:

ASSETS	
Investments:	
Investment in road and equipment.....	\$6, 085, 711. 90
LIABILITIES	
Stock:	
Capital stock.....	3, 000, 000. 00
Long-term debt:	
Funded debt unmatured.....	3, 000, 000. 00
Nonnegotiable debt to affiliated companies.....	85, 711. 90
Total.....	3, 085, 711. 90
Grand total.....	6, 085, 711. 90

SUSQUEHANNA CONNECTING RAILROAD

INTRODUCTORY

The Susquehanna Connecting Railroad is a corporation of the State of Pennsylvania, having its principal office at Dunmore, 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 to by the comptroller of the company, filed with this commission, and from the records of the New York, Susquehanna and Western Railroad Company.

The company is controlled by the New York, Susquehanna and Western 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 Susquehanna Connecting Railroad was operated by the Wilkes-Barre and Eastern from the date it was placed in operation, April 1, 1897, 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 Wilkes-Barre and Eastern and it is so operated on date of valuation.

CORPORATE HISTORY

The Susquehanna Connecting Railroad was incorporated December 18, 1896, for a period of 999 years, under the general laws of Pennsylvania, for the purpose of constructing and operating a railroad from a point on the railroad of the Wilkes-Barre and Eastern at or near Paddy's Land in Luzerne County, Pa., to a point on the Priceville and Winton Railroad in Lackawanna County, Pa. The date of its organization was December 22, 1896.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The owned mileage of the Susquehanna Connecting Railroad, 7.562 miles, was all acquired by construction and was placed in operation April 1, 1897. The records reviewed do not indicate whether the construction work performed

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for Susquehanna Connecting Railroad was done under contract or by company forces. There is a difference of 0.005 mile between the mileage, 7.567 miles, recorded by this company and the mileage, 7.562 miles, inventoried as of date of valuation.

HISTORY OF CORPORATE FINANCING

Syndicating, banking, and other financial arrangements.—No data were obtained regarding the financial arrangements of the Susquehanna Connecting Railroad.

Capital stock and long-term debt.—The records reviewed indicate that the Susquehanna Connecting Railroad has issued securities aggregating \$1,000,000 par value, of which \$500,000 represents capital stock, common, and \$500,000 funded debt. The entire issue of capital stock was outstanding on date of valuation.

Capital stock.—The authorized capital stock is \$500,000 par value, divided into shares of \$100 par value each, all of which is outstanding and is owned by the New York, Susquehanna and Western Railroad Company. The accounting records of the New York, Susquehanna and Western Railroad Company indicate that this stock was issued to it in consideration of a 999-year lease, dated February 26, 1897, covering the use of certain branch lines in Lackawanna County, Pa., owned by the New York, Susquehanna and Western Railroad Company.

Funded debt.—The Susquehanna Connecting Railroad issued first-mortgage 6 per cent bonds, dated March 1, 1897, due March 1, 1907, all of which have been reacquired and retired. The considerations received for these bonds when issued was not ascertained. The records reviewed indicate that these bonds were redeemed by the Wilkes-Barre and Eastern through a sinking fund provided for under the terms of the agreement covering the lease of the property of the company to the Wilkes-Barre and Eastern.

INVESTMENT IN ROAD AND EQUIPMENT

The investment of the Susquehanna Connecting Railroad in road, including land, no equipment being owned, on date of valuation is stated in its certified balance sheet statement as \$500,000. A general analysis of this amount can not be given, for the reason that the accounting records were not obtained.

ORIGINAL COST TO DATE

The original cost to date of the road, including land, there being no equipment, owned by the Susquehanna Connecting Railroad and used for common-carrier purposes, has not been definitely ascertained, owing to the absence of accounting records. The data on the outlay for improving such property are those recorded in the accounts of the New York, Susquehanna and Western Railroad Company, consisting of recorded money outlay amounting to \$37,906.36, which amount is charged to its improvements on leased railway property account.

Besides the outlay shown above the New York, Susquehanna and Western Railroad Company has charged to its income account items aggregating \$38.34, purporting to be for additions and betterments to the property of the Susquehanna Connecting Railroad. However, since it is not possible, solely from an analysis of the accounts, to determine whether such charges represent the cost of additional property still in existence on date of valuation and do not represent renewals or replacements, in whole or in part, of property retired and not written out of the accounts, the amount has not been included with the outlay shown above. On the other hand, it has not been determined whether there should not be some deductions for property retired.

Cost of lands.—The Susquehanna Connecting Railroad reports amounts aggregating \$13,540.30 as the outlays by it in connection with lands owned by it.

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The returns also include certain lands for which merely nominal deed considerations are reported, and a right in private lands for which no costs are reported. A verification of the returns indicate that the reported outlays should be increased by \$183.50, considerations and recording fees reported by the Wilkes-Barre and Eastern as cost of certain land title to which is vested in the Susquehanna Connecting Railroad.

The amounts reported by the company as costs for the lands owned, after making the change noted, aggregating \$13,723.80, are made up of \$44.25 of costs supported by receipts on file, and \$13,679.55 of substantial considerations named in deeds or other instruments and fees noted thereon, which were returned as costs, but which are not supported by accounting records. The lands to which these amounts apply are classified herein as carrier lands owned but leased to the Wilkes-Barre and Eastern.

Cost of machinery and equipment.—The Susquehanna Connecting Railroad reports that it owns certain shop machinery, with estimated costs of \$21.93, which is used under lease by The Wilkes-Barre and Eastern Railroad. It also reports that it does not own any equipment or roadway machines.

AIDS, GIFTS, GRANTS, AND DONATIONS

The Susquehanna Connecting Railroad reports that it has not received any aids, gifts, grants, or donations and none was found of record. The report of the Susquehanna Connecting Railroad upon the costs of its lands shows that 11 parcels were acquired by it through deeds that recite merely nominal considerations. Since the records reviewed 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 Susquehanna Connecting Railroad, together with the property of the New York, Susquehanna and Western Railroad Company that it leases, was solely operated by the Wilkes-Barre and Eastern from April 1, 1897, and February 26, 1897, respectively, to December 31, 1917, under lease agreement. From January 1, 1918, to date of valuation the property of the company, together with that of its leased lines devoted to common-carrier purposes, has been operated by the United States Railroad Administration as a part of the system of the Wilkes-Barre and Eastern. Details with respect to the operations of this property are given in the chapter on leased railway property in the report on the Wilkes-Barre and Eastern.

GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement of the Susquehanna Connecting Railroad, as of date of valuation, certified by the comptroller of the company, follows:

Assets:

Investments—

Investment in road and equipment----- \$500, 000

Liabilities:

Stock—

Capital stock----- 500, 000

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