






MAP OF THE DELAWARE AND HUDSON

LEGEND

-  The Delaware and Hudson
-  Leased Roads
-  Trackage Rights

-  Wilkes-Barre Connecting Railroad
-  Greenwich & Johnsonville Railway
-  The Cooperstown and Charlotte Valley Railroad



VALUATION DOCKET No. 328
DELAWARE AND HUDSON COMPANY ET AL.¹

Submitted March 5, 1926. Decided November 2, 1926

1. Protests of The Delaware and Hudson Company; Greenwich & Johnsonville Railway Company; The Cooperstown and Charlotte Valley Rail-Road Company; The Cooperstown & Susquehanna Valley Rail Road; and The Wilkes-Barre Connecting Railroad Company against the tentative valuations of their properties considered and discussed.
2. Final value for rate-making purposes as of June 30, 1916, of the property used by Delaware & Hudson Company for common-carrier purposes, found to be as follows: Owned and used \$57,195,100, used but not owned \$38,639,879, and owned but not used \$37,312.
3. Final value for rate-making purposes as of June 30, 1916, of property owned and used by the Greenwich & Johnsonville Railway Company for common-carrier purposes, found to be \$901,912.
4. Final value for rate-making purposes as of June 30, 1916, of property used by The Cooperstown and Charlotte Valley Rail-Road Company and its leased property, for common-carrier purposes, found to be as follows: Owned and used \$26,000, and used but not owned \$515,427.
5. Final value for rate-making purposes as of June 30, 1916, of property owned and used by the Wilkes-Barre Connecting Railroad Company for common-carrier purposes found to be \$1,468,089.

H. T. Newcomb for Delaware and Hudson Company and others.
Forest T. Lyman for Western Union Telegraph Company and Great Northwestern Telegraph Company, interveners.

REPORT OF THE COMMISSION

BY THE COMMISSION:

Tentative valuations as of June 30, 1916, of the properties of The Delaware and Hudson Company; the Albany and Susquehanna Rail Road Company; The Rensselaer and Saratoga Railroad Company; The Albany and Vermont Rail Road Company; Rutland and Whitehall Rail Road Company; Saratoga and Schenectady Rail Road Company; Northern Coal and Iron Company; The Ticonderoga Railroad Company; The Chateaugay and Lake Placid Railway Company, and The Plattsburgh and Dannemora Railroad, also Valuation Docket No. 199, the properties of the Greenwich & Johnsonville Railway Company, Valuation Docket No. 296, The Cooperstown and Charlotte Valley Rail Road Company and The Cooperstown & Susquehanna Valley Rail Road, and Valuation Docket No. 331, the Wilkes-Barre Connecting Railroad Company.

¹ This report includes the Albany and Susquehanna Rail Road Company, The Rensselaer and Saratoga Railroad Company, The Albany and Vermont Rail Road Company, Rutland and Whitehall Rail Road Company, Saratoga and Schenectady Rail Road Company, Northern Coal and Iron Company, The Ticonderoga Railroad Company, The Chateaugay and Lake Placid Railway Company, and The Plattsburgh and Dannemora Railroad, also Valuation Docket No. 199, the properties of the Greenwich & Johnsonville Railway Company, Valuation Docket No. 296, The Cooperstown and Charlotte Valley Rail Road Company and The Cooperstown & Susquehanna Valley Rail Road, and Valuation Docket No. 331, the Wilkes-Barre Connecting Railroad Company.

roga Railroad Company; The Chateaugay and Lake Placid Railway Company; The Plattsburg and Dannemora Railroad; Greenwich and Johnsonville Railway Company; The Cooperstown and Charlotte Valley Rail Road Company and The Cooperstown & Susquehanna Valley Rail Road; and the Wilkes-Barre Connecting Railroad Company, hereinafter called the carriers, were completed and notices thereof were served upon the carriers and other interested parties on different dates from January 21, 1922, to November 15, 1923. Protests were filed by the carriers within the statutory period and a consolidated hearing on the protests was set for September 8, 1925, but postponed to September 15, 1925, at which hearing one of our accountants introduced evidence for the purpose of correcting certain of the tentative valuations. These corrections are approved. At this hearing the carriers in each of the above cases severally filed motions asking us to rescind and withdraw our orders establishing the tentative valuations.

At the hearing on September 15, 1925, The Western Union Telegraph Company filed petition of intervention in Valuation Docket No. 328 but presented no testimony, and its representative stated that it had no further interest in the proceeding.

By our orders entered October 2, 1925, we denied the motions of the carriers to rescind and withdraw the tentative valuations of their properties, subject to the right of the carriers and others interested to present to us their views concerning pertinent questions of law and evidence in support of such matters of fact as they wished to have considered in connection with their protests.

Pursuant to which a further hearing was held on October 23, 1925, at which the carriers refused to proceed with evidence. The carriers took the ground that the tentative valuations served did not comply with the law. Pending the ultimate determination of the questions thus presented, the carriers declined to offer evidence or proceed further before us in these matters. Upon the argument, carriers' counsel took the position that the burden of proof and the burden of proceeding with the evidence was upon the commission. As authority for this contention the carriers cite the decision of the Supreme Court of the United States in *Delaware & Hudson Co. v. U. S.*, 266 U. S. 438, as holding that a tentative valuation of a carrier's property is no more than an *ex parte* appraisalment without probative effect. They claim that there is no record upon which any final valuation orders can be based.

Neither the facts nor the decision in that case warrant the conclusions drawn by the carriers. The hearing on the carriers' protest is a proceeding preliminary to the issuance of a final valuation,

and is for the purpose of affording an opportunity to the protestant to bring to our attention facts or circumstances which it deems warrant a modification of our tentative valuation. Parties to valuation cases are, moreover, permitted, under our order of May 13, 1924, to inspect, in advance of the hearing, the preliminary data upon which the conclusions in the tentative valuation are founded, but which on account of their bulk are not embraced in the tentative report, and are thus afforded a fair and reasonable opportunity to prepare themselves to point out at the hearing any errors which may exist. A tentative valuation served upon the parties to a proceeding represents our tentative conclusions with respect to the matters therein contained, subject to modification upon proper proof of error by the carrier or other parties interested.

Paragraph (i) of section 19a of the interstate commerce act provides in part as follows:

If notice of protest is filed the commission shall fix a time for hearing the same, and shall proceed as promptly as may be to hear and consider any matter relative and material thereto which may be presented in support of any such protest so filed as aforesaid. If after hearing any protest of such tentative valuation under the provisions of this Act the Commission shall be of the opinion that its valuation should not become final, it shall make such changes as may be necessary, and shall issue an order making such corrected tentative valuation final as of the date thereof.

We are required by this section of the act to receive and consider evidence in support of a protest before the tentative valuation is made final. It is apparent that it is not within the contemplation of the act that we should require evidence in support of our tentative conclusions, certainly not prior to the submission by a protestant of evidence tending to show that the conclusions are erroneous. The carriers having refused at the hearing to proceed with their evidence, their protests as to matters of fact which depend upon evidence for their substantiation are unsupported.

Location and description of the carriers' properties.—The Delaware and Hudson Company with its leased lines owns or operates a main line of railroad extending from Buttonwood near Wilkes-Barre, Pa., in a generally northerly direction through Albany, Schenectady, and Saratoga Springs, N. Y., to the international boundary near Rouses Point and Moores Junction, N. Y., with numerous branches, aggregating about 788 miles. The Greenwich & Johnsonville Railway Company owns and operates a main line from Johnsonville to Schuylerville, N. Y., a distance of about 21.5 miles. The Wilkes-Barre Connecting Railroad operates a line of railroad from a point on the line of The Delaware and Hudson at Hudson to a connection with rails of the Pennsylvania Railroad at Buttonwood in Pennsylvania, a total length of about 6.5 miles. The rail-

road of The Cooperstown and Charlotte Valley Rail-Road Company and its leased line, The Cooperstown & Susquehanna Valley Rail Road, consists of a railroad extending from Cooperstown, N. Y., through Cooperstown Junction to West Davenport, N. Y., a distance of 21.25 miles. Detailed descriptions of the carriers' properties are given in the tentative valuation orders.

In their protests against the tentative valuations of the various railroad properties involved, as well as in their respective motions to rescind and withdraw said tentative valuations, the carriers allege seven errors of law on the part of the commission, the substance of which may be summarized as follows:

1. That the use of price levels for 1914 and earlier, in obtaining 1916 valuations, resulted in such discrepancies as to vitiate those valuations;

2. That there were omitted from the valuations properties known to exist, said items being the same properties classified in the tentative valuations as trackage rights;

3. That there was a failure to find original costs;

4. That there was an omission of findings on other values and elements of value;

5. That there was used a formula to determine working capital in lieu of any finding as to the amounts actually owned or used;

6. That there was an omission of analyses and reasons; and

7. That there was a failure to show the values of the properties in each of the several States.

On all of these questions the carriers have stated their views in oral argument and by briefs which fully set forth their views.

The legal questions set out in the seven preceding subparagraphs will be treated seriatim in the corresponding paragraphs next following.

1. *Prices as of 1914.*—In cases heretofore decided we have clearly stated our reasons for applying to the engineering inventory normal prices as of June 30, 1914, determined upon consideration of prices for railroad construction which prevailed during a period of years ending with that date. No evidence or convincing argument has been advanced in the instant case to persuade us to depart from this course.

The application to the engineering inventory of normal 1914 prices fully meets the requirements of the law and imposes no hardship upon the carrier. Carriers would derive no benefit were normal 1916 prices substituted for normal 1914 prices. Both of these years are past, and nothing would be gained by the adoption of normal 1916 prices, inasmuch as no use is being made of the value herein reported for fixation of rates or other purposes enumerated in the

interstate commerce act. If 1916 prices had been used, it would to-day be necessary to adjust them, just as it is necessary to adjust 1914 prices by application of price trends or otherwise, if present use is to be made of the findings in carrying out the provisions and requirements of the interstate commerce act.

The commission is required to keep itself advised and informed of any changes in value and to revise its valuations from time to time in accordance with such changes. Pursuant to the act we will readjust final valuations so as to make them current as contemplated by it. *Texas Midland Railroad*, 75 I. C. C. 1. See also *Winston-Salem Southbound Railway Co.*, 75 I. C. C. 187. Pending specific use of the finding in the valuations as made final no advantage accrues to the carrier from the application and use of normal 1916 prices, nor does the carrier suffer any detriment through the use of normal 1914 prices. There is full recognition under existing law of the necessity of giving consideration to the price levels obtaining at the time the fixing of the single-sum value hereafter becomes necessary.

2. *Alleged omitted property.*—The carriers urge with great insistence that they should be allowed a value for tracks in which they have a restricted right of user but which are owned and jointly used by other carriers. In *Texas Midland Railroad*, *supra*, we said at page 21:

When it is borne in mind that many railroads are not operated exclusively by their owners, but that certain portions thereof are used by one or more carriers by virtue of trackage rights, etc., it is apparent that duplication of values for such jointly used property will result unless a proper course of procedure is pursued.

Accordingly we have laid down the rule that where property is owned by a common carrier and is used by it jointly with another carrier or carriers for common-carrier purposes, the property is included in detail in the inventory of the owning carrier and reference is made in each report to its use by the respective carriers. That rule has been applied in the instant cases.

3. *Omission of findings of original costs.*—The original cost to date of the properties as a whole of the carriers herein is not reported, owing to the inadequacies of the carriers' records, this fact being stated in the tentative valuations. The carriers protest and argue at length these omissions. At the hearings on the protests full opportunity was afforded protestants to supply facts which would have enabled us to state original cost, but this the carriers elected not to do.

In *Texas Midland Railroad*, *supra*, we said at page 8: "Original cost to date will be reported as fully as it can be ascertained from 116 I. C. C.

the best evidence which is practically available in each particular case." No evidence as to original cost of the properties as a whole is before us in these proceedings, and none was found in our antecedent investigations. Our underlying reports, which are made a part of the order herein, contain such conclusions as we have been able to reach as to portions of the properties. Again, at page 165: "Plainly, an attempt to estimate original cost would in many cases involve, not the exercise of good judgment, but rather of pure speculation." We have held that original cost is a fact, and not a speculation. Circumstances have made it impossible to ascertain the original cost of the properties, other than land, of these carriers. As was said in *Delaware and Hudson Co. v. United States*, 295 Fed. 558, 561, "No statute law should be held to require the impossible unless the language thereof permits of no other interpretation."

4. *Other values and elements of value.*—Paragraph (b) of section 19a requires that "The Commission shall in like manner ascertain and report separately other values, and elements of value, if any, of the property of such common carrier." The final-value clause in each of the tentative valuations served as above contains this language: "A careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, working capital, and all other matters," and this is followed by the statement that "No other values or elements of value to which specific sums can now be ascribed are found." Thus we have made plain that careful consideration has been given to every element that diligent investigation discloses. If there are elements of value appropriate to be reported under paragraph (b) and which were not discovered by us it was within the power of protestants to have made disclosure of same. This they made no attempt to do, and no figures have been submitted to us by the carrier as proper to be set opposite "other values or elements of value." Our tentative valuation of the properties of these carriers, each considered as a whole, includes all elements of value of the properties as they existed on valuation date so far as we could ascertain them.

5. *Working capital.*—The carriers object to the application of the method used by us for ascertaining the amount of working capital necessary to meet the requirements of the carriers and insist that the cash and material and supplies on hand at date of valuation should be determinative.

Under the law only such cash and material and supplies as are used for common-carrier purposes may be included in the value fixed for rate-making purposes. And after proper allowances have been made for the proportion of such balances as may be applicable to other than common-carrier service, the remainder or balance on any

particular date may not be representative of a normal condition and may include stock held for additions and betterments and new construction, as well as obsolete and scrap material. We have, therefore, in the case of material and supplies, given consideration to the requirements in the way of a stock for operation and maintenance.

In the case of cash, consideration has been given to the volume and frequency of receipts and payments and the various factors that have effect upon the elapsed time before the revenues from each class of service are in hand and available for the payment of expenses incurred in such service. These factors disclose how much cash the carrier has actually put into use as working capital to cover its common-carrier service operations. The amount of cash on hand on a given date has no necessary relation to the cash so used by any carrier. The cash on hand is the reservoir into which flows the cash received from all sources and from which cash is drawn for all purposes. Further, the cash on hand and other current asset and liability items are a matter of financial status as of that particular date, while the cash working capital is a matter of the changing status from day to day of receipts in hand available to meet maturing payments and the amount of such payments falling due. Finally, that an amount of cash is on hand on date of valuation is not necessarily conclusive that it is in fact working capital.

6. *Analyses and reasons.*—Appendix 3 of the report in *Texas Midland Railroad, supra*, is a complete analysis of the methods pursued by the Bureau of Valuation. It is applicable to these cases and may be considered in connection herewith. It is not necessary that this analysis in detail be reproduced as a part of each valuation. Its publication as aforesaid and reference thereto herein are a compliance with the valuation act. *Atlanta, Birmingham & Atlantic R. R. Co.*, 75 I. C. C. 645, 648. *Petition of National Conference on Valuation*, 84 I. C. C. 9, 11, 13.

7. *Separation of property by States.*—The carriers protest and argue that we failed to find the value of property in each State. The valuations as served contain tabulations and statements by States showing all fixed property. This the act requires us to do. That property which has no situs does not fall within the requirement, for, as said in *Texas Midland Railroad, supra*, at page 159: "The Commission is not required to create, nor would it be justified in attempting to create by any arbitrary rule, a location which does not in fact exist," as, for instance, locomotives and other equipment; nor is the going-concern value which appears in the property capable of allocation by States. In *San Pedro, Los Angeles & Salt Lake R. R. Co.*, 75 I. C. C. 463, at page 513, we said:

In the tentative valuation we have shown and in the final order entered herein we show by States the mileage of main-line and branch tracks, the area

and present value of lands and of rights in lands, and the cost of reproduction new and cost of reproduction less depreciation of all classes of property, except land wholly and partly owned and used by the carrier, the cost of which is reflected in road and general expenditures accounts. Owing to the obvious difficulty of apportioning the value of equipment to the several states in which the carrier operates and to the fact that any apportionment of the elements of value, such as original cost and reproduction cost of property of this character to states, could be made only upon arbitrary bases, we do not now report it by states, but report it in a single amount for all states in which the carrier operates.

This is what has been done in the instant cases.

Orders will be entered declaring final our tentative valuations as corrected. The final values reported are for rate-making purposes.

WOODLOCK, *Commissioner*, concurring:

A final value is found for the total used property of the system comprised in the report of \$95,834,979. As has been the rule of the commission in the case of all preceding reports of final value, no statement of the method by which it has been arrived at is made. This sum presumably represents a general judgment upon all the facts of the case. I observe, however, that it is equivalent to the sum of three factors, viz, cost of reproduction less depreciation (at 1914 unit prices), value of lands at valuation date, and working capital plus an amount of a little less than \$8,000,000. If the inventory of physical property had been priced at 1916 figures, in my judgment the addition of these three factors, together with the excess above mentioned, would have represented the full "value for rate-making purposes" as of valuation date. In other words, it is my belief that, subject to correction for special circumstances that may be found to exist in the case of individual properties, the sum of money that would result at any given time from addition of reproduction cost less depreciation, land values, and working capital, with some allowance for "intangibles," would represent the kind of "present value for rate-making purposes" that the courts are now recognizing. I therefore concur in this report, believing it to be in accord with the law and with the interpretation placed by the highest authority upon the law at this time.

EASTMAN, *Chairman*, dissenting:

The value for rate-making purposes is reached in this proceeding by methods to which I do not subscribe, and is a higher value than I would find. The reasons for my views upon this subject of valuation have been sufficiently indicated in separate expressions of opinion in *San Pedro, Los Angeles & Salt Lake R. R. Co.*, 75 I. C. C. 463, 523-567; *Atlanta, Birmingham & Atlantic R. R. Co.*, 75 I. C. C. 645, 676-678; *Petition of National Conference of Valuation*, 84 I. C.

C. 9, 20-21; *Florida East Coast Ry. Co.*, 84 I. C. C. 25, 38-40; *Kansas City Southern Ry. Co.*, 84 I. C. C. 113, 140-144.

As a matter of interest I note that the carrier reported that the original cost of a portion of the land used for carrier purposes which it owns or leases was \$5,494,578.83, and that it is found that \$4,803,516.45 of this amount is supported by the accounting records, the remainder not being so supported. The value of the same lands at valuation date is found to be \$12,390,099.65, and apparently full weight is given to this latter sum in the final value. It will also be noted that the carrier received aids, gifts, grants, or donations, not repaid, amounting to at least \$1,350,000, but that this fact is given no weight in the final value. As the concurring commissioner states, that value seems to be based upon the cost of reproduction less depreciation at 1914 prices, plus the value of lands at valuation date, plus working capital, plus an amount of about \$8,000,000 of unknown derivation.

ORDER

Entered November 2, 1926

Valuation Docket No. 328

The Delaware and Hudson Company; Albany and Susquehanna Rail Road Company; The Rensselaer and Saratoga Railroad Company; The Albany and Vermont Rail Road Company; Rutland and Whitehall Rail Road Company; Saratoga and Schenectady Rail Road Company; Northern Coal and Iron Company; The Ticonderoga Railroad Company; The Chateaugay and Lake Placid Railway Company; and The Plattsburgh and Dannemora Railroad.

Valuation Docket No. 199

Greenwich & Johnsonville Railway Company

Valuation Docket No. 296

The Cooperstown and Charlotte Valley Rail-Road Company, and The Cooperstown & Susquehanna Valley Rail Road

Valuation Docket No. 331

Wilkes-Barre Connecting Railroad Company

These cases having been duly heard and submitted by the parties and full investigation of the respective matters and things having been had, and the commission having, on the date hereof, made and
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filed a report containing its conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the following be, and they are declared to be, the final valuations of the properties of The Delaware and Hudson Company, the Albany and Susquehanna Rail Road Company, The Rensselaer and Saratoga Railroad Company, The Albany and Vermont Rail Road Company, Rutland and Whitehall Rail Road Company, Saratoga and Schenectady Rail Road Company; Northern Coal and Iron Company, The Ticonderoga Railroad Company, The Chateaugay and Lake Placid Railway Company, The Plattsburgh and Dannemora Railroad, Greenwich & Johnsonville Railway Company, The Cooperstown and Charlotte Valley Rail-Road Company, The Cooperstown & Susquehanna Valley Rail Road, and Wilkes-Barre Connecting Railroad Company as of June 30, 1916.

THE DELAWARE AND HUDSON COMPANY

Location and general description of property.—The railroad of The Delaware and Hudson Company, hereinafter called the carrier, is a partly double-track standard-gauge steam railroad, the owned mileage of which is located in the States of Pennsylvania and New York, and the Dominion of Canada. Only that portion located in the United States is included in this report. The operated main line extends from its southern terminus at Buttonwood, near Wilkes-Barre, Pa., in a general northerly direction to Ninevah, N. Y., and from Owego, its most westerly terminus, to Albany, N. Y. From the last-named point its main line passes northerly through the cities of Troy, Saratoga Springs, Whitehall, and Plattsburgh, reaching the international boundary line, in two branches from Canada Junction, at Mooers Junction and Rouses Point, N. Y. In addition, the carrier has many branch lines, the most important of which extend from Albany in a northerly direction, and from Whitehall in an easterly direction, into Vermont, meeting at Castleton, Vt., and terminating at Rutland, the most easterly terminus. Two other branch lines extend from Saratoga Springs and Plattsburgh, the former northerly to North Creek, and the latter westerly and southerly to Lake Placid, N. Y.

The following is a summary of the mileage owned and used and used but not owned by the carrier for common-carrier purposes:

As a whole

Classification	First main track	Second and other main tracks	Yard tracks and sidings	All tracks
	<i>Miles</i>	<i>Miles</i>	<i>Miles</i>	<i>Miles</i>
Wholly owned and used.....	342.258	69.435	219.873	631.566
Used but not owned, leased from the—				
Albany and Susquehanna.....	142.441	94.537	159.484	396.462
Rensselaer and Saratoga.....	153.704	59.626	103.591	316.921
Saratoga and Schenectady.....	20.806	11.394	45.375	77.575
Rutland and Whitehall.....	6.833	-----	2.205	9.038
Albany and Vermont.....	12.273	12.217	17.682	42.172
Northern Coal and Iron Company.....	29.284	34.330	60.476	124.090
Chateaugay and Lake Placid.....	63.485	-----	27.228	90.713
Plattsburgh and Dannemora.....	16.336	-----	7.969	24.305
Ticonderoga Railroad.....	.587	-----	2.537	3.124
Total.....	445.749	212.104	426.547	1,084.400
Grand total owned.....	342.258	69.435	219.873	631.566
Grand total used.....	788.007	281.539	646.420	1,715.966

Distributed by States

<i>In New York</i>				
Wholly owned and used.....	288.350	25.562	119.084	432.996
Used but not owned, leased from the—				
Albany and Susquehanna.....	142.441	94.537	159.484	396.462
Albany and Vermont.....	12.273	12.217	17.682	42.172
Rensselaer and Saratoga.....	120.630	59.626	92.497	272.753
Saratoga and Schenectady.....	20.806	11.394	45.375	77.575
Ticonderoga Railroad.....	.587	-----	2.537	3.124
Chateaugay and Lake Placid.....	63.485	-----	27.228	90.713
Plattsburgh and Dannemora.....	16.336	-----	7.969	24.305
Total.....	376.558	177.774	352.772	907.104
Grand total owned.....	288.350	25.562	119.084	432.996
Grand total used.....	664.908	203.336	471.856	1,340.100
<i>In Pennsylvania</i>				
Wholly owned and used.....	53.908	43.873	100.789	198.570
Used but not owned, leased from the Northern Coal and Iron Company.....	29.284	34.330	1 60.476	1 124.090
Total owned.....	53.908	43.873	100.789	198.570
Total used.....	83.192	78.203	161.265	322.660
<i>In Vermont</i>				
Used but not owned, leased from the—				
Rensselaer and Saratoga.....	33.074	-----	11.094	44.168
Rutland and Whitehall.....	6.833	-----	2.205	9.038
Total used.....	39.907	-----	13.299	53.206

¹ Includes 0.445 mile of yard tracks and sidings jointly owned with The Delaware, Lackawanna & Western Railroad Company.

In Appendix I will be found a general description of the property of the carrier.

Jointly used property.—A statement of the common-carrier property, other than land, owned and used jointly by the carrier with other companies, is given elsewhere in this order, under the caption Cost of Reproduction New and Cost of Reproduction Less Depreciation.

Traffic connections.—The traffic connections will be found in Appendix I.

Physical conditions affecting construction.—In Appendix I are statements as to the topography, geology, and climate, as affecting the construction of the carrier's railroad.

Economic conditions relating to traffic.—In Appendix I will be found statements showing the agricultural and industrial development of the territory traversed by the railroad of the carrier.

Corporate history.—The carrier was incorporated as The President, Managers and Company of the Delaware and Hudson Canal Company, under a special act of New York approved April 23, 1823, and was organized on the same date. This corporate title was changed to the present designation by a special act of New York approved April 28, 1899, which also authorized it to abandon the canal, but continued the previous corporation in all other respects. Under the original act the carrier was authorized to purchase from Maurice Wurts the rights and privileges previously granted him under a special act of Pennsylvania, approved March 13, 1823, which authorized him to improve the navigation of the Lackawaxen River and to purchase from Wurts and others lands containing stone coal, at or near the head waters of that river. This act also gave the carrier authority to employ its capital in the business of transporting to market the coal purchased. By subsequent amendment, approved April 5, 1826, the carrier was authorized by the State of Pennsylvania to construct and maintain railways from its coal lands to the canal. The State of New York authorized the carrier, by an amendment to the original act approved May 9, 1867, to construct, own, maintain, or lease railroads for its use. By an amendment to the original act, approved November 19, 1824, the State of New York authorized the carrier to employ \$500,000 of its capital actually paid in, in the business of banking, authorizing it to issue bills and notes, as hereinafter described. The principal operating and accounting offices of the carrier are located at Albany, and its principal financial office at New York, N. Y.

The corporations whose franchises and properties have gone to make up the present company, and the dates of the changes in those several corporations, are set forth in Appendix 2. The detailed facts as to the development of fixed physical property are given in Appendix 2.

History of corporate financing.—The carrier has issued and assumed a total of \$150,602,296.28 in stocks, bonds, and other long-term debt of which \$106,127,600 was outstanding on date of valuation.

Of the securities outstanding, \$42,502,600 are in common stock and \$63,625,000 in first-mortgage and other bonds. The carrier has also issued a total of \$155,829,247.33 in short-term notes, of which \$2,703,533.51 were outstanding on date of valuation. The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the carrier, are given in Appendix 2.

Gross and net earnings of the carrier.—The result of the corporate operations of the carrier from October 29, 1829, to date of valuation is stated in detail in Appendix 2, and is summarized as follows:

Gross earnings (railway operating revenues)-----	\$519, 628, 107. 26
Operating expenses (railway operating expenses)-----	344, 672, 779. 13
	<hr/>
Resulting in net earnings (net revenues from railway operations) of-----	174, 955, 328. 13
During the same period taxes assessed (railway tax accruals) amounted to-----	\$6, 538, 930. 88
Uncollectible railway revenues amounted to---	2, 680. 57
	<hr/>
	6, 541, 611. 45
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Resulting in income from railway operations (railway operating income) of-----	168, 413, 716. 68
In addition to this there were net revenues from miscellaneous operations of-----	\$130, 196, 188. 22
Taxes on miscellaneous operating property of-----	3, 167, 265. 76
	<hr/>
	127, 028, 922. 46
Also income from nonoperating sources (nonoperating income) of-----	41, 639, 676. 55
	<hr/>
	168, 668, 599.01
	<hr/>
Resulting in gross income for the period (gross income) of-----	337, 082, 315. 69
During this period rents and hire of equipment (chargeable to deductions from gross income) amounted to-----	99, 273, 578. 10
	<hr/>
Resulting in an amount available for the payment of interest and dividends, and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income), of-----	237, 808, 737. 59

During the years 1833, 1834, 1840 to 1876, inclusive, and 1881 to date of valuation, inclusive, cash dividends were paid at rates varying from 3.5 to 20 per cent, to the aggregate amount of \$122,016,674. In addition, stock dividends were distributed during the years 1857, 1865, and 1866, at rates varying from 4 to 16½ per cent, to the aggregate amount of \$2,787,900, and during the years 1848, 1868, and 1890 stock was distributed to stockholders at rates of discount varying from

5.6 to 40 per cent, equivalent to the issuing of stock dividends for the amount of the discount, to the aggregate amount of \$3,817,410.

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

ASSETS	
Investments:	
Investment in road and equipment-----	\$68,642,567.68
Improvements on leased railway property-	19,506.01
Sinking funds-----	3,304,771.41
Deposits in lieu of mortgaged property sold-----	15,908.24
Miscellaneous physical property-----	10,280,864.44
Investments in stocks-----	23,504,733.57
Investments in bonds-----	920,900.00
Investment in advances-----	19,374,444.50
Investments, miscellaneous-----	5,701,634.27
Total-----	\$131,765,330.12
Current assets:	
Cash-----	\$1,332,542.44
Time drafts and deposits-----	941,291.75
Special deposits-----	836,833.88
Loans and bills receivable-----	6,828.88
Traffic and car-service balances receivable-	601,015.15
Net balance receivable from agents and con- ductors-----	273,021.99
Miscellaneous accounts receivable-----	3,515,931.71
Materials and supplies-----	2,323,040.89
Interest and dividends receivable-----	184,055.73
Rents receivable-----	51,977.56
Total-----	10,066,539.98
Deferred assets:	
Working-fund advances-----	\$436,577.99
Insurance and other funds-----	552,788.53
Other deferred assets-----	626,317.10
Total-----	1,615,683.62
Unadjusted debits:	
Rents and insurance premiums paid in advance	\$62,567.30
Discount on funded debt-----	16,108.70
Other unadjusted debits-----	207,610.09
Total-----	286,286.09
Grand total-----	<u><u>143,733,839.81</u></u>
LIABILITIES	
Stock, capital stock:	
Book liability-----	\$42,503,000.00
Held by or for carrier-----	400.00
Total-----	\$42,502,600.00
Long-term debt, funded debt unmaturred-----	62,798,000.00
	116 I. C. C.

Current liabilities:

Loans and bills payable.....	\$2, 703, 533. 51
Traffic and car-service balances payable....	641, 652. 82
Audited accounts and wages payable.....	3, 505, 675. 66
Miscellaneous accounts payable.....	354, 681. 61
Interest matured unpaid.....	269, 278. 50
Dividends matured unpaid.....	130, 917. 00
Funded debt matured unpaid.....	827, 000. 00
Unmatured dividends declared.....	1, 912, 617. 00
Unmatured interest accrued.....	555, 490. 63
Unmatured rents accrued.....	181, 540. 51
Other current liabilities.....	598, 014. 31

Total \$11, 680, 401. 55

Deferred liabilities:

Liability for provident funds.....	\$1, 143. 15
Other deferred liabilities.....	354, 504. 67

Total 355, 647. 82

Unadjusted credits:

Tax liability.....	\$283, 935. 73
Operating reserves.....	218, 604. 82
Accrued depreciation, equipment.....	51, 072. 83
Other unadjusted credits.....	355, 622. 31

Total 909, 235. 69

Appropriated surplus:

Additions to property through income and surplus.....	\$6,839, 487. 37
Sinking-fund reserves.....	3, 461. 96
Appropriated surplus not specifically invested.....	155, 395. 77

Total..... 6, 998, 345. 10

Corporate surplus, profit and loss credit balance..... 18, 489, 609. 65

Grand total..... 143, 733, 839. 81

CONTINGENT LIABILITIES

The carrier has guaranteed both principal and interest on \$12,675,000, and the interest only on \$2,230,000, of outstanding securities of subsidiary and affiliated companies. It has also guaranteed dividends on \$14,730,000 of stocks of subsidiary companies. For a detailed statement of the various securities embraced, reference is made to the accounting report hereinbefore mentioned.

Investment in road and equipment.—The investment in road and equipment, including land, on date of valuation, is stated in the books of the carrier to be \$68,642,567.68. If certain readjustments were made, as detailed in Appendix 2, this amount would be decreased to \$67,596,908.68. Of this amount \$11,408,500 consists of

the par value of securities, the money value of which at the time of entry upon the books of the carrier is not known and can not be ascertained.

Original cost to date.—The original cost to date of the common-carrier property of the carrier can not be ascertained owing to the inadequacy of the records. The obtainable data on the original cost of 191,258 miles of road owned on date of valuation, and 20,279 units of equipment, as nearly as can be ascertained, are represented by the following classes of outlay:

Road:

Recorded money outlay-----	\$34,272,986.01
Investment securities-----	300,000.00
Less whatever part of the foregoing classes of outlay is represented in road abandoned and written off to profit and loss at an estimated cost of-----	270,000.00

Equipment, recorded money outlay, verified cost of 20,279 units of equipment out of 20,295 units returned by the carrier---- 25,540,964.00

Further information respecting original cost, including the cost of lands, machinery, and equipment, will be found in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned and used, owned but not used, and used but not owned, including carrier's or lessor's portion of minor facilities jointly owned, are as follows:

As a whole

Classification	Cost of reproduction new	Cost of reproduction less depreciation
Wholly owned and used-----	\$58,432,710	\$43,249,387
Owned but not used, leased to—		
Champlain Transportation Company-----	10,847	6,260
Carolina, Clinchfield and Ohio Railway-----	25,548	21,871
Total-----	36,395	28,131
Used but not owned, leased from the--		
Albany and Susquehanna-----	14,833,236	11,846,539
Rensselaer and Saratoga-----	10,635,179	8,365,362
Saratoga and Schenectady-----	2,519,073	1,979,127
Rutland and Whitehall-----	287,344	220,771
Albany and Vermont-----	1,520,712	1,221,556
Northern Coal and Iron Company-----	4,005,010	3,162,558
Chateaugay and Lake Placid-----	2,786,284	2,379,529
Plattsburgh and Dannemora-----	570,274	478,158
Ticonderoga Railroad-----	90,078	73,090
Total-----	37,248,090	29,732,690
Grand total owned-----	58,469,105	43,277,518
Grand total used-----	95,680,800	72,982,077

Distributed by States

<i>New York</i>		
Wholly owned and used.....	\$22, 703, 021	\$19, 346, 708
Wholly owned but not used, leased to Champlain Transportation Company.....	10, 847	6, 260
Used but not owned, leased from the—		
Albany and Susquehanna.....	14, 833, 236	11, 846, 539
Rensselaer and Saratoga.....	9, 398, 854	7, 387, 025
Saratoga and Schenectady.....	2, 519, 073	1, 979, 127
Albany and Vermont.....	1, 520, 712	1, 221, 556
Chateaugay and Lake Placid.....	2, 786, 284	2, 379, 529
Plattsburgh and Dannemora.....	570, 274	478, 158
Ticonderoga Railroad.....	90, 078	73, 090
Total.....	31, 718, 511	25, 365, 024
Grand total owned.....	22, 713, 868	19, 352, 968
Grand total used.....	54, 421, 532	44, 711, 732
<i>Pennsylvania</i>		
Wholly owned and used.....	7, 231, 893	5, 663, 494
Used but not owned, leased from the Northern Coal and Iron Company.....	4, 005, 910	3, 162, 558
Grand total owned.....	7, 231, 893	5, 663, 494
Grand total used.....	11, 237, 803	8, 826, 052
<i>Vermont</i>		
Wholly owned and used.....	4, 792	2, 388
Used but not owned, leased from the—		
Rensselaer and Saratoga.....	1, 236, 325	978, 337
Rutland and Whitehall.....	257, 544	226, 771
Total.....	1, 523, 669	1, 205, 108
Grand total owned.....	4, 792	2, 388
Grand total used.....	1, 523, 461	1, 207, 496
<i>Not allocated to States</i>		
Wholly owned and used.....	28, 493, 004	18, 236, 797
Owned but not used, leased to Carolina, Clinchfield, and Ohio Railway.....	25, 543	21, 871
Grand total owned.....	28, 518, 552	18, 258, 668
Grand total used.....	28, 493, 004	18, 236, 797

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

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The carrier owns and uses for its purposes as a common carrier 6,243.54 acres of lands. The total original cost of these lands can not be ascertained, as the necessary accounting records are not obtainable. Data respecting original cost will be found in Appendix 2. The area and present value

of lands owned and used, owned but not used, and used but not owned by the carrier for common-carrier purposes, are as follows:

As a whole

Classification	Acres	Present value
Wholly owned and used.....	6,243.54	\$5,874,635.39
Wholly owned but not used, leased to the—		
Cooperstown and Charlotte Valley.....	8.06	147.00
New York, Ontario and Western Railway Company.....	11.42	8,565.00
Total.....	19.48	8,712.00
Used but not owned, leased from the—		
Northern Coal and Iron Company.....	328.26	3,648,808.32
Delaware, Lackawanna & Western Railroad Company.....	0.44	15,506.10
New York Central Railroad Company.....	6.05	26,928.32
Syracuse, Binghamton & New York Railroad Company.....	0.08	2.00
Rutland Railroad Company.....	2.33	2,577.00
Fitchburg Railroad Company.....	13.06	457.10
Albany and Susquehanna.....	2,285.09	1,260,783.31
Albany and Vermont.....	118.00	339,188.82
Saratoga and Schenectady.....	172.53	247,132.52
Rensselaer and Saratoga.....	1,755.87	1,252,651.05
Ticonderoga Railroad.....	11.53	6,861.80
Chateaugay and Lake Placid.....	945.41	101,948.01
Plattsburgh and Dannemora.....	157.74	4,141.05
Rutland and Whitehall.....	61.93	6,345.95
Private parties.....	31.41	22,408.58
Total.....	5,889.73	6,935,739.93
Grand total owned.....	6,263.02	5,883,347.39
Grand total used.....	12,133.27	12,810,375.32

Distributed by States

Classification	Acres	Present value
<i>Pennsylvania</i>		
Wholly owned and used.....	998.09	\$3,269,389.90
Used but not owned, leased from the—		
Northern Coal and Iron Company.....	328.26	3,648,808.32
Delaware, Lackawanna & Western Railroad Company.....	0.44	15,506.10
Private parties.....	1.30	1,520.83
Total.....	330.00	3,665,835.25
Grand total owned.....	998.09	3,269,389.90
Grand total used.....	1,328.09	6,935,225.15
<i>New York</i>		
Wholly owned and used.....	5,215.10	2,603,087.84
Wholly owned but not used, leased to the—		
Cooperstown and Charlotte Valley.....	8.06	147.00
New York, Ontario and Western Railway Company.....	11.42	8,565.00
Total.....	19.48	8,712.00

Distributed by States—Continued

Classification	Acres	Present value
Used but not owned, leased from the—		
New York Central Railroad Company.....	6.05	\$26,928.32
Syracuse, Binghamton & New York Railroad Company.....	0.08	2.00
Fitchburg Railroad Company.....	13.08	457.10
Albany and Susquehanna.....	2,285.00	1,260,783.31
Albany and Vermont.....	118.00	339,188.82
Saratoga and Schenectady.....	172.53	247,132.52
Rensselaer and Saratoga.....	1,463.01	1,218,330.52
Ticonderoga Railroad.....	11.53	6,861.80
Chateaugay and Lake Placid.....	945.41	101,943.01
Plattsburgh and Dannemora.....	157.74	4,141.05
Private parties.....	28.11	20,807.75
Total.....	5,200.61	3,226,581.20
Grand total owned.....	5,234.58	2,611,799.84
Grand total used.....	10,415.71	5,829,669.04
<i>Vermont</i>		
Wholly owned and used.....	30.35	2,157.65
Used but not owned, leased from the—		
Rensselaer and Saratoga.....	292.86	34,320.53
Rutland and Whitehall.....	61.93	6,345.95
Rutland Railroad Company.....	2.33	2,577.00
Private parties.....	2.00	80.00
Total.....	359.12	43,323.48
Grand total owned.....	30.35	2,157.65
Grand total used.....	389.47	45,481.13

Rights in the public domain and in private lands.—The present value of rights in the public domain and in private lands owned and used and used but not owned by the carrier is as follows:

As a whole

Classification	Rights in public domain	Rights in private lands
Wholly owned and used.....	\$14,185.83	\$2,908
Used but not owned, leased from the—		
Rensselaer and Saratoga.....	8,023.50	845
Northern Coal and Iron Company.....		20
Albany and Susquehanna.....		980
Saratoga and Schenectady.....		150
Total.....	8,023.50	1,995
Grand total owned.....	14,185.83	2,908
Grand total used.....	22,209.33	4,903

Distributed by States

Classification	Rights in public domain	Rights in private lands
<i>Pennsylvania</i>		
Wholly owned and used.....	\$337. 03	\$1, 010
Used but not owned, leased from the Northern Coal and Iron Company.....		20
Grand total owned.....	337. 03	1, 010
Grand total used.....	337. 03	1, 030
<i>New York</i>		
Wholly owned and used.....	13, 848. 80	1, 898
Used but not owned, leased from the—		
Albany and Susquehanna.....		980
Rensselaer and Saratoga.....	8, 023. 50	680
Saratoga and Schenectady.....		150
Total.....	8, 023. 50	1, 810
Grand total owned.....	13, 848. 80	1, 898
Grand total used.....	21, 872. 30	3, 708
<i>Vermont</i>		
Used but not owned, leased from the Rensselaer and Saratoga.....		165

Information respecting the original cost of rights owned by the carrier will be found in Appendix 2.

Property held for purposes other than those of a common carrier.—The carrier owns 1,032.93 acres of lands classified as noncarrier. The total original cost of these lands can not be ascertained. Data respecting original cost will be found in Appendix 2. Their present value, including the value of improvements thereon, distributed by States, is as follows:

Classification	Acres	Present value
Pennsylvania.....	46. 20	\$203, 379. 41
New York.....	963. 24	1, 651, 626. 94
Michigan.....	. 76	661. 50
Illinois.....	. 43	4, 748. 40
New Jersey.....	22. 30	1, 320, 942. 16
Total.....	1, 032. 93	3, 181, 358. 41

On lands used for carrier purposes are noncarrier structures, the present value of which is as follows:

Pennsylvania.....	\$11, 060
New York.....	21, 619
Total.....	32, 679

The carrier owns and holds cash on hand and materials and supplies in the amount of \$3,655,583. This amount is in excess of normal requirements for working capital as determined in the manner outlined in Appendix 3. Under the method there explained the readjusted percentage for this carrier is 13.4, which, applied to

annual operating expenses of \$16,381,569, closely approximating the trend for a period of five years prior to valuation date, results in the sum of \$2,195,100, the amount necessary for the carrier's use as working capital. The remainder, \$1,460,483, which is in excess of the amount required for working capital, is considered for the purposes of valuation as noncarrier property.

The carrier had recorded investments in other companies of a par value of \$53,577,137.56, which it carried at a book value of \$49,501,-712.34. The details of the securities held will be found in Appendix 2. There is shown in Appendix 2, under the heading Miscellaneous Physical Property, the sum of \$10,280,864.44, as representing a balance shown by the carrier's books, consisting of coal lands and other items named. No part of this property is included in the property above reported as held for purposes other than those of a common carrier and investments in other companies.

Aids, gifts, grants of rights of way, and donations.—The carrier owns certain carrier and noncarrier lands which it acquired through aids. The area and present value of these lands distributed by States are as follows:

Classification	Acres	Present value
Owned and used:		
Pennsylvania.....	38 89	\$124, 250. 01
New York.....	139. 73	60, 623. 95
Vermont.....	24. 85	711. 85
Total.....	203 47	185, 585. 81
Owned but held for noncarrier purposes:		
New York.....	8. 23	784. 66
New Jersey.....	. 07	4, 352. 00
Total.....	8. 30	5, 136 66

The foregoing totals are included in the preceding summaries of the present value of lands owned by the carrier. The value of these lands at the time acquired can not be determined. In addition to the foregoing the carrier or its predecessor received public and private aids, which are summarized as follows:

State aid:

By special acts passed by the Legislature of New York on March 10, 1827, and May 2, 1829, respectively, the comptroller of that State was authorized to issue to the carrier special certificates of stock to the amount of \$500,000 and \$300,000, "for the redemption of which, and the due payment of interest thereon to the owners of such stock, the faith and credit of the people of this State is hereby pledged." These issues were retired by the carrier at maturity, but the issue of this stock by the State of New York served to aid the company by the loan of the State's credit for the period of the debt.

By the terms of the act of March 10, 1827, the carrier was exempted from taxation "until the average annual income of the said corporation, from the time of its commencing business, shall amount to six per centum per

annum on its whole capital," with the provision, however, "that this exemption shall not extend beyond the period of six years from the passing of this act."

Cash subsidies:

Contribution of Center Village, N. Y., towards the cost of the new station at that point in 1871-72.....	\$1, 450
Contribution of the International Paper Company, under an agreement with the carrier dated April 10, 1901, towards the cost of track extended to the end of the paper mills of that company at South Glens Falls, N. Y.....	39, 757
Contribution of W. H. Miner towards the cost of a new station at Chazy, N. Y.....	2, 500

Materials and supplies.—As appears in the general balance sheet, the value of materials and supplies on hand on date of valuation is shown by the carrier's records to have been \$2,323,040.89.

Final value.—After careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, working capital, and all other matters which appear to have a bearing upon the values here reported, the values, for rate-making purposes, of the property of the carrier, owned and used, owned but not used, and used but not owned, devoted to common-carrier purposes are found to be as follows:

Wholly owned and used.....	<u>\$57, 195, 100</u>
Owned but not used, leased to the—	
Champlain Transportation Company.....	6, 600
Carolina, Clinchfield and Ohio Railway.....	22, 000
Cooperstown and Charlotte Valley.....	147
New York, Ontario and Western Railway Company.....	8, 565
Total.....	<u>37, 312</u>
Used but not owned, leased from the—	
The Delaware, Lackawanna & Western Railroad Company....	15, 506
The New York Central Railroad Company.....	26, 928
Syracuse, Binghamton & New York Railroad Company.....	2
Fitchburg Railroad Company.....	457
Rutland Railroad Company.....	2, 577
Albany and Susquehanna.....	14, 000, 000
Rensselaer and Saratoga.....	10, 300, 000
Saratoga and Schenectady.....	2, 300, 000
Rutland and Whitehall.....	240, 000
Albany and Vermont.....	1, 600, 000
Northern Coal and Iron Company.....	7, 000, 000
Chateaugay and Lake Placid.....	2, 550, 000
Plattsburg and Dannemora.....	500, 000
Ticonderoga Railroad.....	82, 000
Private parties.....	22, 409
Total leased.....	<u>38, 639, 879</u>
Total owned.....	57, 232, 412
Total used.....	<u>95, 834, 979</u>

No other values or elements of value to which specific sums can now be ascribed are found. The sum of \$2,195,100 is included in the value above stated as wholly owned and used on account of working capital, including material and supplies.

THE ALBANY AND SUSQUEHANNA RAILROAD COMPANY (ALBANY AND SUSQUEHANNA)

Location and general description of property.—The railroad of the Albany and Susquehanna Railroad Company, hereinafter called the Albany and Susquehanna, is a partly double-track standard-gauge steam railroad, located in the east-central part of New York. The owned mileage extends southwestwardly from Albany to Binghamton, a distance of 142.441 miles. The Albany and Susquehanna owns second main-line tracks aggregating 94.537 miles. It also owns yard and side tracks totaling 159.484 miles. Its road thus embraces 396.462 miles of all tracks owned. In Appendix 1 will be found a general description of the property.

Jointly used property.—The Albany and Susquehanna has no jointly owned and used property.

Traffic connections.—The traffic connections will be found in Appendix 1.

Physical conditions affecting construction.—In Appendix 1 are statements as to the topography, geology, and climate, as affecting the construction of the carrier's railroad, which are applicable to the Albany and Susquehanna.

Economic conditions relating to traffic.—Information with respect to this subject will be found in Appendix 1.

Corporate history.—The Albany and Susquehanna was incorporated April 19, 1851, under the general laws of New York, for the purpose of constructing, maintaining, and operating a railroad from Albany to Binghamton. At the last-named point it was to connect with the New York and Erie Railroad, and due to this connection it was originally constructed of a broader gauge than that of the present standard-gauge railroads. The articles of association filed April 19, 1851, provided that the corporation should continue for 150 years. The time of completion of the road was extended by special acts of New York dated March 23, 1853, April 13, 1855, April 14, 1857, March 4, 1863, and April 24, 1867. Its organization was perfected by a meeting of the stockholders and election of officers on April 19, 1851. The entire property of the Albany and Susquehanna is leased to the carrier and has been operated by the latter since February 24, 1870. Its principal offices are located at Albany and New York City. The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Albany and Susquehanna has issued a total of \$37,295,000 in stocks, bonds, and other long-term debts. Of this amount \$13,500,000 was outstanding on date of valuation. Of the securities outstanding, \$3,500,000 are in common stock and \$10,000,000 in first-mortgage bonds. The Albany and Susquehanna has also issued and retired short-term notes amounting to \$3,055,036.27 to date of valuation. The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Albany and Susquehanna, are given in Appendix 2.

Gross and net earnings of the Albany and Susquehanna.—The result of corporate operations of the Albany and Susquehanna from September 18, 1863, to date of valuation, is stated in detail in Appendix 2, and is summarized as follows:

Gross earnings (railway operating revenues)-----	\$2, 639, 384. 04
Operating expenses (railway operating expenses)-----	1, 721, 708. 51
Resulting in net earnings (net revenue from railway operations) of-----	947, 675. 53
During the same period taxes assessed (railway tax accruals) amounted to-----	37, 066. 38
Resulting in income from railway operations (railway operating income) of-----	910, 609. 15
In addition to this there was income from nonoperating sources (nonoperating income) of-----	37, 203, 676. 08
Resulting in gross income for the period (gross income) of-----	38, 114, 285. 23
Resulting in that amount being available for payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income).	

The Albany and Susquehanna paid no dividends on its capital stock until its property was leased to the carrier on February 24, 1870. Under the agreement with that company the lessee agreed to pay 7 per cent per annum on the capital stock until the Albany city bonds were retired, and thereafter at the rate of 9 per cent per annum. This plan enabled the Albany and Susquehanna to pay regular dividends of 7 per cent per annum from 1872 to 1902, inclusive, and 9 per cent per annum from 1903 to date of valuation, inclusive. In addition to the above, extra dividends have been paid and charged to income as follows: At October 22, 1909, the Albany and Susquehanna received payment of \$1,350,512.36 from the carrier for arrears in rental and interest thereon. Of this amount \$1,050,000 was disbursed in payment of an extra dividend of 30 per cent. An extra dividend of 3.45 per cent was paid during the years 1911 to 1913, inclusive, and 3.5 per cent during the years 1914 to date of

valuation, inclusive. The dividends for the period of corporate operations amounted in the aggregate to \$13,545,955.50.

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

ASSETS	
Investments:	
Investment in road and equipment.....	\$14,200,766.55
Investment in bonds.....	45,490.07
Total	\$14,246,256.62
Current assets:	
Cash.....	\$7,236.55
Miscellaneous accounts receivable.....	2,532.50
Rents receivable.....	87,500.00
Total	97,269.05
Grand total.....	<u>14,343,525.67</u>
LIABILITIES	
Stock, capital stock.....	\$3,500,000.00
Long-term debt, funded debt unmaturred.....	10,000,000.00
Current liabilities:	
Dividends matured unpaid.....	\$861.45
Unmatured interest accrued.....	87,500.00
Total.....	88,361.45
Corporate surplus, profit and loss balance, credit.....	755,164.22
Grand total.....	<u>14,343,525.67</u>

Investment in road and equipment.—The investment in road and equipment, including land, on date of valuation, is stated in the books of the Albany and Susquehanna to be \$14,200,766.55. If certain readjustments were made, as detailed in Appendix 2, this amount would be increased to \$14,322,055.32. Of this amount \$459,723.16 represents securities issued, the money value of which at the time of entry upon the books of the Albany and Susquehanna is not known and can not be ascertained.

Original cost to date.—The original cost to date of the common-carrier property owned by the Albany and Susquehanna can not be ascertained owing to the inadequacy of the accounting records. With the exception of equipment taken over by the carrier when it leased the property on February 24, 1870, the obtainable data may be summarized as follows:

Recorded money outlay:	
By the Albany and Susquehanna.....	\$9,139,300.42
By the carrier (improvements on leased railway property).....	3,423,882.54
	} \$12,563,182.96

Outlay in securities:

Capital stock-----	\$114, 823. 16	} \$424, 523. 16
Funded debt-----	249, 600. 00	
Town bonds exchanged-----	60, 100. 00	

There should be deducted from the foregoing the cost of lands classified by us as noncarrier, the excess of original cost over proceeds from sales of land, and the original cost of other land disposed of and credited to other accounts. The above outlay may also include the cost of property which may have been abandoned and not written out of the road and equipment investment account. Information respecting the cost of lands will be found in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, wholly owned by the Albany and Susquehanna and leased to the carrier, are \$14,833,236 and \$11,846,539, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheets, which are a part of Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Albany and Susquehanna owns 2,285.09 acres of lands which are leased to the carrier for common-carrier purposes. The total original cost of these lands can not be ascertained, as the necessary details in the accounting records are not obtainable. Information respecting original cost will be found in Appendix 2. The present value of these lands is \$1,260,783.31.

Rights in private lands.—The Albany and Susquehanna owns rights in private lands, used by the carrier, with a present value of \$980. The original cost of these rights, as supported by accounting records, is \$754.35. In addition to this amount the Albany and Susquehanna claims costs of \$632.30, which are not supported by accounting records.

Property held for purposes other than those of a common carrier.—The Albany and Susquehanna owns 0.22 acre of land classified as noncarrier. The original cost of this land, as supported by accounting records, is \$502. Its present value, including the value of improvements thereon, is \$626.21. On lands used for carrier purposes are noncarrier structures with a present value of \$14,000. On date of valuation, the Albany and Susquehanna had an investment of \$45,000 par value of New York City bonds which it acquired for \$45,490.07 in cash.

Aids, gifts, grants of rights of way, and donations.—Of the lands owned by the Albany and Susquehanna and leased to the carrier for common-carrier purposes, 40.49 acres, with a present value of

\$110,059.59, were acquired through aids, the title to this land being conveyed by deeds reciting nominal considerations only. The value of this land at the time acquired can not be determined. Under special acts passed by the Legislature of New York, the Albany and Susquehanna received donations from that State of \$750,000, paid in five installments from January, 1865, to February, 1868, in consideration of constructing and equipping the road, which was credited to the road and equipment investment account. Under authority of a special act of New York, the city of Albany issued its 30-year bonds of a par value of \$1,000,000 in aid of construction. These bonds were retired with cash at maturity by the Albany and Susquehanna. Under special acts of the Legislature of New York dated March 27, 1852, March 31, 1856, and amendments subsequent thereto, various towns subscribed to the capital stock of the Albany and Susquehanna in the following amounts:

Binghamton-----	\$50,000	Oneonta-----	\$70,000
Afton-----	30,000	Richmondville-----	50,000
Bainbridge-----	30,000	Summit-----	25,000
Cobleskill-----	60,000	Seward-----	30,000
Colesville-----	50,000	Schoharie-----	30,000
Davenport-----	30,000	Sidney-----	50,000
Duanesburgh-----	30,000	Unadilla-----	70,000
Decatur-----	20,000	Worcester-----	65,000
Esperance-----	30,000	Westford-----	30,000
Maryland-----	70,000		
Milford-----	60,000	Total-----	950,000
Otego-----	70,000		

The Albany and Susquehanna received cash donations from various individuals during the years 1853 to 1867, in amounts ranging from \$25 to \$250, to the aggregate of \$2,225. Of this amount \$400 was subsequently eliminated by the issue of capital stock, \$1,725 was credited to investment in road and equipment, and the remaining \$100 was donated by the grantor of a parcel of land in 1864, for which the total consideration was \$118.75, the Albany and Susquehanna paying the difference of \$18.75 to the donor.

Materials and supplies.—The Albany and Susquehanna had no materials and supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value for rate-making purposes of the property of the Albany and Susquehanna owned but not used, leased to the carrier for common-carrier purposes, is found to be \$14,000,000. No other values or elements of value to which specific sums can now be ascribed are found. No working capital, including materials and

supplies, is found to be owned or used by the Albany and Susquehanna.

THE RENSSELAER AND SARATOGA RAILROAD COMPANY (RENSSELAER AND SARATOGA)

Location and general description of property.—The railroad of The Rensselaer and Saratoga Railroad Company, hereinafter called the Rensselaer and Saratoga, is a partly double-track standard-gauge steam railroad, located in the States of New York and Vermont. The owned mileage extends from Troy to Ballston Spa, a distance of 25.150 miles; from Watervliet to Green Island, 1.080 miles; from Glens Falls to Lake George, 9.060 miles; from Saratoga Springs to Whitehall, 40.950 miles; from Whitehall to New York-Vermont State line, 6.590 miles; from Eagle Bridge to New York-Vermont State line 32.400 miles; from Fort Edward to Glens Falls, 5.400 miles; and New York-Vermont State line to Rutland, Vt., 33.074 miles. The following is a summary of the mileage owned by the Rensselaer and Saratoga and leased to the carrier for common-carrier purposes:

	First main track	Second main track	Yard tracks and sidings	All tracks
Wholly owned, leased to the carrier:	<i>Miles</i>	<i>Miles</i>	<i>Miles</i>	<i>Miles</i>
In New York.....	120.630	59.626	92.497	272.753
In Vermont.....	33.074	-----	11.094	44.168
Total owned.....	153.704	59.626	103.591	316.921

In Appendix 1 will be found a general description of the property.

Jointly used property.—The Rensselaer and Saratoga has no jointly owned and used property.

Traffic connections.—The traffic connections will be found in Appendix 1.

Physical conditions affecting construction.—In Appendix 1 are statements as to the topography, geology, and climate, as affecting the construction of the carrier's railroad, which are applicable to the Rensselaer and Saratoga.

Economic conditions affecting traffic.—Information with respect to this subject will be found in Appendix 1.

Corporate history.—The Rensselaer and Saratoga is a corporation of the State of New York, with principal office at Troy, and was incorporated under a special act of April 14, 1832. Its property was leased on May 1, 1871, for the term of its charter, to the carrier.

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

History of corporate financing, capital stock, and long-term debt.—The Rensselaer and Saratoga, so far as can be ascertained from obtainable records, has issued a total of \$17,775,000 in stocks, bonds, and other long-term debts, of which \$12,000,000 was outstanding on date of valuation. Of the securities outstanding \$10,000,000 are in common stock and \$2,000,000 in bonds. The Rensselaer and Saratoga also issued and retired, to date of valuation, short-term notes aggregating \$455,084.84. The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Rensselaer and Saratoga, are given in Appendix 2.

Gross and net earnings of the Rensselaer and Saratoga.—The result of the corporate operations of the Rensselaer and Saratoga for the year ended on date of valuation, and for the period from October 1, 1866, to date of valuation, is stated in detail in Appendix 2, and is summarized as follows:

Gross earnings (railway operating revenues)	\$6, 769, 680. 99
Operating expenses (railway operating expenses)	4, 666, 678. 25
<hr/>	
Resulting in net earnings (net revenue from railway operations) of	2, 103, 002. 74
During the same period taxes assessed (railway tax accruals) amounted to	340, 774. 86
<hr/>	
Resulting in an income from railway operations (railway operating income) of	1, 762, 227. 88
In addition to this there was income from nonoperating sources (nonoperating income) of	334, 816. 31
<hr/>	
Resulting in gross income for the period (gross income) of ..	2, 097, 044. 19
During this period rents and hire of equipment (chargeable to deductions from gross income and to disposition of net income) amounted to	336, 352. 32
<hr/>	
Resulting in an amount available for payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income) of	1, 710, 691. 87

From October 1, 1866, to April 30, 1871, dividends were paid annually out of surplus at rates varying from 3 to 7 per cent, to the aggregate amount of \$874,750. In addition, the published reports of the State engineer and surveyor and the railroad commissioners of the State of New York indicate that dividends were paid during the years 1848 to 1866, inclusive, at rates varying, so far as ascertainable, from 3 to 8 per cent, to the aggregate amount of \$392,628.

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

ASSETS	
Investments:	
Investment in road and equipment.....	\$11,524,552.13
Investment in stock.....	475,447.87
Investment in bonds.....	47,000.00
Total	\$12,047,000.00
Current assets:	
Cash.....	6,626.47
Rents receivable.....	423,333.33
Total	429,959.80
Grand total.....	12,476,959.80
LIABILITIES	
Stock, capital stock.....	10,000,000.00
Long-term debt, funded debt unmatured.....	2,000,000.00
Current liabilities:	
Dividends matured unpaid.....	\$400,000.00
Unmatured interest accrued.....	23,333.33
Total	423,333.33
Corporate surplus, profit and loss balance, credit.....	53,626.47
Grand total	12,476,959.80

Investment in road and equipment.—The investment in road and equipment, including land, on date of valuation, is stated in the books of the Rensselaer and Saratoga to be \$11,524,552.13. If certain readjustments were made, as detailed in Appendix 2, this amount would be decreased to \$9,015,613.50. Of this amount, \$2,267,900 consists of the par value of securities, the money value of which at the time of entry upon the books of the Rensselaer and Saratoga is not known and can not be ascertained.

Original cost to date.—The original cost to date of the common-carrier property of the Rensselaer and Saratoga can not be ascertained owing to the inadequacy of the records. With the exception of equipment, the outlays by the predecessor companies and by the Rensselaer and Saratoga to date of valuation are summarized as follows:

Recorded and reported outlay:

Recorded money outlay—

By the Rensselaer and Saratoga.....	\$4,418,467.60
By the lessee for improvements on leased railway property charged to the road and equipment investment account of the former	1,894,170.21
	\$6,312,637.81
Mortgage bonds issued, par value.....	99,000.00

Considerations not of record—

By the Rensselaer and Saratoga, reported outlay to September 30, 1867-----	\$1, 227, 986. 32	
By predecessor companies, sworn reports to State of New York-----	3, 393, 543. 70	
		\$4, 621, 530. 02

Less proceeds from sale of land and buildings----- 3, 550. 00

A separation of the foregoing amounts as between predecessor companies, together with information respecting the cost of lands, will be found in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Rensselaer and Saratoga and leased to the carrier, are as follows:

Classification	Cost of reproduction new	Cost of reproduction less depreciation
Wholly owned but not used, leased to the carrier:		
In New York-----	\$9, 398, 854	\$7, 387, 025
In Vermont-----	1, 236, 325	978, 337
Total owned-----	10, 635, 179	8, 365, 362

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

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The total original cost of the lands owned by the Rensselaer and Saratoga and leased to the carrier for common-carrier purposes can not be ascertained, as the necessary details in the accounting records are not obtainable. Information respecting the original cost will be found in Appendix 2. The Rensselaer and Saratoga owns 1,755.87 acres of lands which are leased to the carrier for common-carrier purposes. The area and present value of these lands, divided by States, is as follows:

Classification	Acres	Present value
Wholly owned, leased to the carrier:		
In New York-----	1, 463. 01	\$1, 218, 330. 52
In Vermont-----	292. 86	34, 320. 53
Total-----	1, 755. 87	1, 252, 651. 05

Rights in public domain.—The Rensselaer and Saratoga owns and leases to the carrier rights in the public domain, located in New York, 116 I. C. C.

with a present value of \$8,023.50. The total original cost of these rights can not be ascertained. Information with respect to the cost will be found in Appendix 2.

Rights in private lands.—The Rensselaer and Saratoga owns and leases to the carrier rights in private lands as follows:

In New York.....	\$680
In Vermont.....	165
Total.....	845

The total original cost of these rights can not be ascertained. The obtainable data will be found in Appendix 2.

Property held for purposes other than those of a common carrier.—The Rensselaer and Saratoga owns 20.99 acres of lands classified as noncarrier and located in New York, with a present value, including the value of improvements thereon, of \$84,448.42. The total original cost of these lands can not be ascertained. Further information will be found in Appendix 2. On lands used for common-carrier purposes, located in New York, are noncarrier structures with a present value of \$146,200. The Rensselaer and Saratoga also owns securities which are held for noncarrier purposes as follows:

Property	Par value	Book value
Stock		
Affiliated companies, The Champlain Transportation Company.....	\$95,450	\$350,447.87
Nonaffiliated companies, The Troy Union Rail Road Company.....	7,500	125,000.00
Total.....	102,950	475,447.87
Bonds, nonaffiliated companies, West Shore Rail Road Company.....	20,000	20,000.00
Miscellaneous, New York City, 4 per cent corporate stock.....	27,000	27,000.00
Grand total.....	149,950	522,447.87

Further details will be found in Appendix 2.

Aids, gifts, grants of rights of way, and donations.—The Rensselaer and Saratoga owns certain carrier and noncarrier lands which were acquired through aids. The area and present value of these lands are as follows:

Classification	Acres	Present value
Wholly owned, leased to the carrier:		
In New York.....	47.29	\$123,717.59
In Vermont.....	8.01	369.40
Total.....	55.30	124,086.99
Wholly owned, held for noncarrier purposes, in New York.....	.81	9,658.60

The foregoing totals are included in the preceding summaries of the present value of lands owned by the Rensselaer and Saratoga. The value of these lands at the time acquired can not be determined.

Materials and supplies.—The Rensselaer and Saratoga had no material and supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value for rate-making purposes, of the property of the Rensselaer and Saratoga, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$10,300,000. No other values or elements of value to which specific sums can now be ascribed are found. No working capital, including material and supplies, is found to be owned or used by the Rensselaer and Saratoga.

ALBANY AND VERMONT RAIL ROAD COMPANY (ALBANY AND VERMONT)

Location and general description of property.—The railroad of Albany and Vermont Rail Road Company, hereinafter called the Albany and Vermont, is a partly double-track standard gauge steam railroad, located in the east-central part of New York. The owned mileage extends northwardly from Albany to Waterford Junction, a distance of 12.273 miles. The Albany and Vermont owns second main tracks aggregating 12.217 miles. It also owns yard and side tracks totaling 17.682 miles. Its road thus embraces 42.172 miles of all tracks owned. In Appendix 1 will be found a general description of the property.

Jointly used property.—The Albany and Vermont has no jointly owned and used property.

Traffic connections.—The traffic connections will be found in Appendix 1.

Physical conditions affecting construction.—In Appendix 1 are statements as to topography, geology, and climate, as affecting the construction of the carrier's railroad, which are applicable to the Albany and Vermont.

Economic conditions relating to traffic.—Information with respect to this subject will be found in Appendix 1.

Corporate history.—The Albany and Vermont was incorporated October 6, 1859, under the general laws of New York, for a term of 500 years, and has its principal office at Troy, N. Y. Its organization was perfected on October 17, 1859. The Albany and Vermont was a reorganization of the first-mortgage bondholders of the Albany Northern Rail Road for the purpose of acquiring the property of the Albany, Vermont and Canada Rail Road Company, which was conveyed to it by deed dated September 22, 1859, from Abijah Mann, jr., who had previously acquired it at a foreclosure sale on September 19, 1859.

History of corporate financing, capital stock, and long-term debt.—The Albany and Vermont has issued a total of \$600,000 in capital stock, all of which was outstanding on date of valuation. The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Albany and Vermont, are given in Appendix 2.

Gross and net earnings of the Albany and Vermont.—The result of the corporate operations of the Albany and Vermont from October 8, 1859, to date of valuation, is stated in detail in Appendix 2, and is summarized as follows:

Gross earnings (railway operating revenues).....	\$36, 657. 65
Operating expenses (railway operating expenses).....	54, 544. 28
Resulting in deficit, instead of net earnings (net revenue from railway operations, deficit), of.....	17, 886. 63
Offsetting this there was income from nonoperating sources (nonoperating income) of.....	1, 136, 076. 32
Resulting in gross income for the period (gross income) of.....	1, 118, 189. 69
During this period rents (chargeable to deductions from gross income) amounted to.....	55, 777. 57
Resulting in amount available for payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income) of.....	1, 062, 412. 12

From 1860 to date of valuation, both inclusive, dividends were paid annually out of surplus, at rates varying from 2.5 to 8 per cent, to the aggregate amount of \$1,048,500.

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

ASSETS	
Investments:	
Investment in road and equipment.....	\$600, 000. 00
Investment in bonds.....	5, 000. 00
Total.....	605, 000. 00
Current assets, cash.....	12, 774. 72
Grand total.....	617, 774. 72
LIABILITIES	
Stock, capital stock.....	600, 000. 00
Corporate surplus, profit and loss, credit balance.....	17, 774. 72
Grand total.....	617, 774. 72

Investment in road and equipment.—The Albany and Vermont owns no equipment. The investment in the road, including land, on date of valuation, is stated in its books to be \$600,000. If certain readjustments were made, as detailed in Appendix 2, this amount would be increased to \$603,151.72. Of this amount, \$538,650 consists of the par value of securities issued, the money value of which at the time of entry upon the books of the Albany and Vermont is not known and can not be ascertained.

Original cost to date.—The original cost to date of the common-carrier property of the Albany and Vermont can not be ascertained owing to the inadequacy of the records. The Albany and Vermont and the Rensselaer and Saratoga made certain additions and betterments, the outlays for which may be classified as follows:

	Recorded money outlay	Reported costs; considerations not of record
Albany Northern Rail Road.....	-----	\$1, 552, 802. 63
The Albany, Vermont and Canada Rail Road Company.....	-----	10, 032. 94
Albany and Vermont.....	\$22, 892. 44	-----
Rensselaer and Saratoga.....	204, 579. 77	-----
Less deduction not assignable to any one or more of the classes of outlay stated above, proceeds from the sale of land.....	-----	2, 779. 71

The foregoing costs include the outlay for approximately 21 miles of road abandoned but not written out of the investment account.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Albany and Vermont and leased to the carrier, are \$1,520,712 and \$1,221,556, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheet, which is a part of Appendix 1.

The cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Albany and Vermont owns 118 acres of lands leased to the carrier for common-carrier purposes, with a present value of \$339,188.82. The original cost of these lands, as supported by accounting records, was \$11,671.34. The Albany and Vermont claims costs amounting to \$112,819.63, which are not supported by accounting records.

Property held for purposes other than those of a common carrier.—The Albany and Vermont owns \$5,000 par value of first-mortgage 4 per cent bonds of West Shore Railroad Company, for which it paid \$4,995. The adjustment was made to par value by credit of \$5 to its income.

Aids, gifts, grants of rights of way, and donations.—Of the lands owned by the Albany and Vermont and leased to the carrier for common-carrier purposes, 3.58 acres, with a present value of \$5,223.58, were acquired by it through aids, the title to this land being conveyed by deeds reciting nominal or no considerations. The value of this land at the time acquired can not be determined. The Albany and Vermont reports a donation of \$300 in cash by unknown individuals for the purpose of aiding the construction of a station at Menanda.

Materials and supplies.—The Albany and Vermont had no materials and supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Albany and Vermont, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$1,600,000. No other values or elements of value to which specific sums can now be ascribed are found. No working capital, including material and supplies, is found to be owned or used by the Albany and Vermont.

RUTLAND AND WHITEHALL RAIL ROAD COMPANY (RUTLAND AND
WHITEHALL)

Location and general description of property.—The railroad of Rutland and Whitehall Rail Road Company, hereinafter called the Rutland and Whitehall, is a single-track standard-gauge steam railroad, located in the west-central part of Vermont. The owned mileage extends northeastwardly from the New York-Vermont State line to Castleton, a distance of 6.833 miles. The Rutland and Whitehall also owns yard and side tracks totaling 2.205 miles. Its road thus embraces 9.038 miles of all tracks owned. In Appendix 1 will be found a general description of the property.

Jointly used property.—The Rutland and Whitehall has no jointly owned and used property.

Traffic connections.—The traffic connections will be found in Appendix 1.

Physical conditions affecting construction.—In Appendix 1 are statements as to topography, geology, and climate, as affecting the construction of the carrier's railroad, which are applicable to the Rutland and Whitehall.

Economic conditions relating to traffic.—Information with respect to this subject will be found in Appendix 1.

Corporate history.—The Rutland and Whitehall was incorporated November 13, 1848, under a special act of Vermont, and perfected its organization on March 3, 1849, by the election of its officers. The

entire property of the Rutland and Whitehall is leased in perpetuity to the Rensselaer and Saratoga from February 1, 1870. The lease was assigned to the carrier on June 15, 1871, and the property has been operated by the latter since May 1, 1871. The principal office of the Rutland and Whitehall is located at Fair Haven. The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Rutland and Whitehall has issued a total of \$255,700 in capital stock, all of which was outstanding on date of valuation. The character or value of the considerations received could not be ascertained, but the records show an equal amount charged to road and equipment investment account. The accounts state that \$29,700 of the stock was issued to Arundah W. Hyde in full settlement for the construction of the branch road from Hydesville to Lake Bomoseen.

Gross and net earnings of the Rutland and Whitehall.—The income of the Rutland and Whitehall consists entirely of the rental received from the lease of its road, which is paid to the stockholders as dividends. The rental for the period November 1, 1850, to October 31, 1854, was equal to 7 per cent per annum upon the outstanding capital stock. From the latter date to April 30, 1856, no rental was received because of the insolvency of the lessee, and since then the annual rental has been \$15,342, representing 6 per cent on the capital stock and \$150 per year for organization expenses. The carrier assumes the maintenance of the property.

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

ASSETS

Investments, investment in road and equipment.....	\$255,700
----------------------------------------------------	-----------

LIABILITIES

Stock, capital stock.....	\$255,700
---------------------------	-----------

Investment in road and equipment.—The Rutland and Whitehall owns no equipment. The investment in road, including land, is stated in its report to us for the year ending on date of valuation to be \$255,700, the exact amount of the capital stock issued. Whether or not this amount represents money outlay can not be ascertained. Further details will be found in Appendix 2.

Original cost to date.—The original cost to date of the property of the Rutland and Whitehall can not be ascertained owing to the inadequacy of the records. With the exception of equipment, the book value of which has not been written out of the account, the recorded outlay was \$209,700. This amount includes \$29,700 par value of capital stock issued for the construction of a branch line

which was subsequently abandoned, and may also include the cost of other property abandoned, sold, or destroyed, in excess of the credits made to the account, and also the cost of lands classified by us as noncarrier.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Rutland and Whitehall and leased to the carrier, are \$287,344 and \$226,771, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheet, which is a part of Appendix 1.

Cost of lands, rights of way and terminals at time of dedication to public use, and their present value.—The Rutland and Whitehall owns 61.93 acres of land which are leased to the carrier for common-carrier purposes, with a present value of \$6,345.95. The total original cost of these lands could not be ascertained as the necessary accounting records are not obtainable, but the original cost, as supported by accounting records, was \$687. The Rutland and Whitehall also claims costs of \$8,353.60, which are not supported by accounting records.

Property held for purposes other than those of a common carrier.—The Rutland and Whitehall owns 8.30 acres of lands classified as noncarrier, with a present value, including the value of improvements thereon, of \$304.50. The original cost of these lands could not be ascertained. The Rutland and Whitehall claims costs of \$1,348, which are not supported by accounting records. On lands leased to the carrier for common-carrier purposes are noncarrier structures with a present value of \$20.

Aids, gifts, grants of rights of way, and donations.—The Rutland and Whitehall received no aids, gifts, grants of rights of way, or donations.

Materials and supplies.—The Rutland and Whitehall had no materials and supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Rutland and Whitehall owned but not used, leased to the carrier for common-carrier purposes, is found to be \$240,000. No other values or elements of value to which specific sums can now be ascribed are found. No working capital, including material and supplies, is found to be owned or used by the Rutland and Whitehall.

SARATOGA AND SCHENECTADY RAIL ROAD COMPANY (SARATOGA AND SCHENECTADY)

Location and general description of property.—The railroad of Saratoga and Schenectady Rail Road Company, hereinafter called the Saratoga and Schenectady, is a partly double-track standard-gauge steam railroad located in the east-central part of New York. The owned mileage extends northeastwardly from Schenectady to Saratoga Springs, a distance of 20.806 miles. The Saratoga and Schenectady owns second main-line tracks aggregating 11.394 miles. It also owns yard and side tracks totaling 45.375 miles. Its road thus embraces 77.575 miles of all tracks owned. In Appendix 1 will be found a general description of the property.

Jointly used property.—The Saratoga and Schenectady has no jointly owned and used property.

Traffic connections.—The traffic connections will be found in Appendix 1.

Physical conditions affecting construction.—In Appendix 1 are statements as to the topography, geology, and climate, as affecting the construction of the carrier's railroad, which are applicable to the Saratoga and Schenectady.

Economic conditions relating to traffic.—Information with respect to this subject will be found in Appendix 1.

Corporate history.—The Saratoga and Schenectady was incorporated February 16, 1831, under a special act of New York. The date of its organization can not be ascertained. On January 1, 1851, the property was leased to the Rensselaer and Saratoga, which operated it until May 1, 1871, when its lease was assigned to the carrier. The principal office of the Saratoga and Schenectady is located at Troy. The road from Schenectady to Ballston Spa was opened for operation on July 12, 1832, and from Ballston Spa to Saratoga Springs in 1833.

History of corporate financing, capital stock, and long-term debt.—So far as can be ascertained from the records, the Saratoga and Schenectady has issued a total of \$523,000 in stocks and bonds. Of this amount, \$450,000, consisting of capital stock, was outstanding on date of valuation. The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Saratoga and Schenectady, are given in Appendix 2.

Gross and net earnings of the Saratoga and Schenectady.—The result of corporate operations of the Saratoga and Schenectady can not be stated for the entire period of operation owing to the absence of the accounting records. The result from January 1, 1861, to date

of valuation is stated as nonoperating and gross income of \$1,768,889.35, which amount was available for the payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income). The details of this amount are shown in Appendix 2. From 1861 to date of valuation, inclusive, dividends were paid at rates varying from 5 to 9 per cent, which, with an extra dividend of 3.75 per cent in 1890, aggregated in amount \$1,748,398.

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

ASSETS	
Investments:	
Investment in road and equipment.....	\$450,000.00
Investment in bonds.....	5,000.00
Total	455,000.00
Current assets:	
Cash.....	671.88
Rents receivable.....	31,500.00
Total.....	32,171.88
Grand total.....	487,171.88
LIABILITIES	
Stock, capital stock.....	450,000.00
Current liabilities, unmatured dividends.....	31,500.00
Corporate surplus, profit and loss, credit balance.....	5,671.88
Grand total.....	487,171.88

Investment in road and equipment.—The Saratoga and Schenectady owns no equipment. The investment in road, including land, on date of valuation, is stated in its report to us to be \$450,000. The details of this amount will be found in Appendix 2.

Original cost to date.—The original cost to date of the common-carrier property of the Saratoga and Schenectady can not be ascertained owing to the inadequacy of the records. In its report to us the cost is shown as \$450,000, but this amount may include the cost of lands classified by us as noncarrier, and as partly carrier and partly noncarrier, and also the cost of property abandoned, sold, or destroyed, in excess of the charges made for salvage, proceeds from sale, and loss from such property. Information respecting the cost of lands will be found in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly

owned by the Saratoga and Schenectady and leased to the carrier. are \$2,519,073 and \$1,979,127, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheet, which is a part of Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Saratoga and Schenectady owns 172.53 acres of lands, with a present value of \$247,132.52, which are leased to the carrier for common-carrier purposes. The total original cost of these lands can not be ascertained. Data respecting original cost will be found in Appendix 2.

Rights in private lands.—The Saratoga and Schenectady owns rights in private lands, leased to the carrier, with a present value of \$150. The Saratoga and Schenectady claims costs of \$150 for these rights, which are not supported by accounting records.

Property held for purposes other than those of a common carrier.—The Saratoga and Schenectady owns 8.37 acres of land classified as noncarrier, with a present value, including the value of improvements thereon, of \$7,545. Information respecting the original cost of these lands will be found in Appendix 2. On lands leased to the carrier for common-carrier purposes are noncarrier structures with a present value of \$1,200. On date of valuation the Saratoga and Schenectady had an investment in first-mortgage 4 per cent bonds of West Shore Railroad Company, of a par value of \$5,000, which were acquired at a cost of \$5,306.25. These bonds are carried at their par value, the difference of \$306.25 being charged off to income.

Aids, gifts, grants of rights of way, and donations.—Of the lands owned by the Saratoga and Schenectady and leased to the carrier for common-carrier purposes, 5.17 acres, with a present value of \$62,932.05, were acquired through aids, the title to this land being conveyed by deeds reciting nominal considerations only. The value of this land at the time acquired can not be ascertained.

Materials and supplies.—The Saratoga and Schenectady had no materials and supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Saratoga and Schenectady, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$2,300,000. No other values or elements of value to which specific sums can now be ascribed are found. No working capital, including material and supplies, is found to be owned or used by the Saratoga and Schenectady.

NORTHERN COAL AND IRON COMPANY

Location and general description of property.—Northern Coal and Iron Company is a partly double-track standard-gauge steam railroad, located in the northeastern part of Pennsylvania. The owned mileage extends southwestwardly from Scranton to Wilkes-Barre, a distance of 29.284 miles. The Northern Coal and Iron Company owns second main tracks aggregating 34.330 miles. It also owns yard and side tracks totaling 60.476 miles. Its road thus embraces 124.090 miles of all tracks owned. In Appendix 1 will be found a general description of the property.

Jointly used property.—The Northern Coal and Iron Company owns and uses jointly with The Delaware, Lackawanna & Western Railroad Company 0.445 mile of all tracks, one-half each, carrier's portion of cost of reproduction new and cost of reproduction less depreciation being included in wholly owned property.

Traffic connections.—The traffic connections will be found in Appendix 1.

Physical conditions affecting construction.—In Appendix 1 are statements as to the topography, geology, and climate, as affecting the construction of the carrier's railroad, which are applicable to the Northern Coal and Iron Company.

Economic conditions relating to traffic.—Information with respect to this subject will be found in Appendix 1.

Corporate history.—The Northern Coal and Iron Company is a corporation of Pennsylvania with its principal office at New York City. It was incorporated April 27, 1864, by special act of Pennsylvania, and by letters patent dated April 20, 1865, by interests identified with the carrier. The purpose of incorporation was to acquire lands in Luzerne County (now Luzerne and Lackawanna Counties), mining and vending the minerals found in these lands, and for transporting such minerals. The Northern Coal and Iron Company was authorized to construct and operate "lateral railroads from their mines, not exceeding 20 miles in length, to connect with any railroad now constructed or to be hereafter constructed in the county of Luzerne." By a subsequent act of Pennsylvania it was authorized to "construct or extend their railroad (a single or double track) to any point on the Delaware or Susquehanna Rivers within the counties of Wayne or Susquehanna, provided said railroad and branches shall not exceed in the aggregate 60 miles in length." The Northern Coal and Iron Company was organized May 16, 1865. The lines acquired through consolidation and merger were operated until November 7, 1886, by the carrier, for the transportation of anthracite coal, and

by the Lehigh Coal & Navigation Company for the transportation of all other freight and passengers. Since November 7, 1886, the entire property has been solely operated by the carrier. The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Northern Coal and Iron Company has issued a total of \$27,799,556.30 in stocks, bonds, and other long-term debts, of which \$6,255,100.77 was outstanding on date of valuation. Of the securities outstanding, \$1,500,000 are in common stock and \$4,755,100.70 in nonnegotiable debt to affiliated companies. The Northern Coal and Iron Company is controlled by the carrier through ownership of its entire outstanding capital stock. The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Northern Coal and Iron Company, are given in Appendix 2.

Gross and net earnings of the Northern Coal and Iron Company.—The result of corporate operations for the period January 1, 1868, to December 31, 1906, is recorded in the accounting records of the Northern Coal and Iron Company, but since the latter date the revenues and expenses have been merged with those of the carrier. The income account for the period January 1, 1868, to December 31, 1906, is stated in Appendix 2, and is summarized as follows:

During this period taxes assessed (railway tax accruals) resulting in a deficit, instead of income from railway operations (railway operating income, deficit), amounted to-----	\$960, 298. 16
In addition to this there was—	
Net loss from miscellaneous operations of_	\$114, 307. 85
Income from nonoperating sources (nonoperating income) of-----	9, 857, 269. 44
Resulting in gross income for the period (gross income) available for payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income) of_	8, 782, 663. 43
	9, 742, 961. 59

No dividends have been paid.

General balance sheet.—The general balance sheet stated by the Northern Coal and Iron Company, as showing its financial condition on date of valuation, follows:

ASSETS	
Investments:	
Investment in road and equipment-----	\$3, 898, 388. 35
Miscellaneous physical property-----	2, 356, 712. 42
Total-----	<u>\$6, 255. 100. 77</u>

LIABILITIES

Stock, capital stock.....	\$1, 500, 000. 00
Long-term debt, nonnegotiable debt to affiliated companies	4, 755, 100. 77

Grand total..... \$6, 255, 100. 77

Investment in road and equipment.—The Northern Coal and Iron Company owns no equipment. The investment in road, including land, on date of valuation, is stated in its books to be \$3,898,388.35. Of this amount, \$1,100,000 consists of the par value of securities, the money value of which at the time of entry upon the books of the Northern Coal and Iron Company is not known and can not be ascertained. Further details will be found in Appendix 2.

Original cost to date.—The original cost to date of the common-carrier property of the Northern Coal and Iron Company can not be ascertained, owing to the inadequacy of the records. Information respecting the original cost of land will be found in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Northern Coal and Iron Company and leased to the carrier, including the Northern Coal and Iron Company's portion of jointly owned property, are \$4,005,910 and \$3,162,558, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheets, which are a part of Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Northern Coal and Iron Company owns 328.26 acres of lands, with a present value of \$3,648,808.32, which are leased to the carrier for common-carrier purposes. The total original cost of these lands can not be ascertained, as the necessary accounting records are not obtainable. Data respecting original cost will be found in Appendix 2.

Rights in private lands.—The Northern Coal and Iron Company owns and leases to the carrier for common-carrier purposes rights in private lands with a present value of \$20. The original cost of these rights could not be ascertained. The Northern Coal and Iron Company claims costs of \$10,000, which are not supported by accounting records.

Property held for purposes other than those of a common carrier.—The Northern Coal and Iron Company owns 42.40 acres of lands classified by us as noncarrier, with a present value, including the value of improvements thereon, of \$280,046.41. Obtainable data pertaining to the original cost of these lands will be found in

Appendix 2. On lands leased to the carrier for common-carrier purposes are noncarrier structures with a present value of \$4,600.

Aids, gifts, grants of rights of way, and donations.—Of the lands owned by the Northern Coal and Iron Company and leased to the carrier for common-carrier purposes, 31.80 acres, with a present value of \$67,536.32, were acquired through aids, the title to this land being conveyed by deeds reciting nominal considerations only. The value of this land at the time acquired can not be ascertained.

Materials and supplies.—The Northern Coal and Iron Company had no materials and supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Northern Coal and Iron Company, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$7,000,000. No other values or elements of value to which specific sums can now be ascribed are found. No working capital, including material and supplies, is found to be owned or used by the Northern Coal and Iron Company.

THE TICONDEROGA RAILROAD COMPANY (TICONDEROGA RAILROAD)

Location and general description of property.—The railroad of The Ticonderoga Railroad Company, hereinafter called the Ticonderoga Railroad, is a single-track standard-gauge steam railroad, located in the east-central part of New York. The owned mileage extends westwardly from Ticonderoga Junction to Ticonderoga, a distance of 0.587 mile. The Ticonderoga Railroad also owns yard and side tracks totaling 2.537 miles. Its road thus embraces 3.124 miles of all tracks owned. In Appendix 1 will be found a general description of the property.

Jointly used property.—The Ticonderoga Railroad has no jointly owned and used property.

Traffic connections.—The traffic connections will be found in Appendix 1.

Physical conditions affecting construction.—In Appendix 1 are statements as to the topography, geology, and climate, as affecting the construction of the carrier's railroad, which are applicable to the Ticonderoga Railroad.

Economic conditions relating to traffic.—Information with respect to this subject will be found in Appendix 1.

Corporate history.—The Ticonderoga Railroad was incorporated under the general laws of New York December 13, 1889, for a term of 50 years, for the purpose of constructing, maintaining, and operat-

ing a railroad from a connection with the line of the New York and Canada Railroad Company at Ticonderoga Junction to Ticonderoga. The date of organization was November 20, 1889, and its principal office was originally located at Ticonderoga. This office has since been located at New York City. The property of the Ticonderoga Railroad has been operated by the carrier since the date the road was opened for operation, under an agreement dated August 13, 1890, effective for the life of the lessor company. The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Ticonderoga Railroad has issued a total of \$60,000 in stocks and bonds, all of which was outstanding on date of valuation. Of the securities outstanding, \$30,000 are in capital stock and an equal amount in first-mortgage bonds. Of the stock, \$18,500 is in common and \$11,500 in preferred. The Ticonderoga Railroad also issued and had outstanding on date of valuation \$14,253.60 in short-term notes. The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Ticonderoga Railroad, are given in Appendix 2.

Gross and net earnings of the Ticonderoga Railroad.—The income account of the Ticonderoga Railroad for the period of corporate operations, February 2, 1891, to date of valuation, shows but one item, income from lease of road, stated as \$63,500, which is the amount available for the payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income). Dividends have been paid out of income by the Ticonderoga Railroad aggregating \$22,500.

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

ASSETS	
Investments:	
Investments in road and equipment.....	\$60,000.00
Sinking funds.....	24,000.00
Total.....	\$84,000.00
Current assets, rents receivable.....	1,900.00
Grand total.....	85,900.00
LIABILITIES	
Stock:	
Common.....	\$18,500.00
Preferred.....	11,500.00
Total.....	30,000.00
Long-term debt, funded debt unmatured.....	30,000.00

Current liabilities:

Loans and bills payable-----	\$14, 253. 60
Unmatured interest accrued-----	900. 00
Total-----	\$15, 153. 60
Appropriated surplus, sinking-fund reserve-----	25, 000. 00
Total liabilities-----	100, 153. 60
Corporate surplus, profit and loss debit balance-----	14, 253. 60
Total, after deducting deficit-----	\$5. 900. 00

Investment in road and equipment.—The Ticonderoga Railroad owns no equipment. The investment in road, including land, on date of valuation, is stated in its books to be \$60,000, of which \$45,000 consists of securities issued. The money value of these securities at the time of entry upon the books of the Ticonderoga Railroad is not known and can not be ascertained. Further details will be found in Appendix 2.

Original cost to date.—The obtainable data on original cost to date of the common-carrier property of the Ticonderoga Railroad, including land, are represented by the foregoing sum shown as the investment in road, namely, \$60,000. In addition to this amount, the records of the carrier show that it has made expenditures for improvements to the property of the Ticonderoga Railroad amounting to \$55,833.17, the details of which are shown in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Ticonderoga Railroad and leased to the carrier, are \$90,078 and \$73,090, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheets, which are a part of Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Ticonderoga Railroad owns 11.53 acres of lands, with a present value of \$6,861.80, which are leased to the carrier for common-carrier purposes. The original cost of these lands can not be ascertained.

Property held for purposes other than those of a common carrier.—The Ticonderoga Railroad has no property held for noncarrier purposes.

Aids, gifts, grants of rights of way, and donations.—The Ticonderoga Railroad received no aids, gifts, grants of rights of way, or donations.

Materials and supplies.—The Ticonderoga Railroad had no materials and supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value for rate-making purposes of the property of the Ticonderoga Railroad, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$82,000. No other values or elements of value to which specific sums can now be ascribed are found. No working capital, including material and supplies, is found to be owned or used by the Ticonderoga Railroad.

THE CHATEAUGAY AND LAKE PLACID RAILWAY COMPANY (CHATEAUGAY
AND LAKE PLACID)

Location and general description of property.—The railroad of The Chateaugay and Lake Placid Railway Company, hereinafter called the Chateaugay and Lake Placid, is a single-track standard-gauge steam railroad, located in the north-central part of New York. The owned mileage extends north and east from Lake Placid to Dannemora, a distance of 63.486 miles. The Chateaugay and Lake Placid also owns yard and side tracks totaling 27.228 miles. Its road thus embraces 90.713 miles of all tracks owned. In Appendix 1 will be found a general description of the property.

Jointly used property.—The Chateaugay and Lake Placid has no jointly owned and used property.

Traffic connections.—The traffic connections will be found in Appendix 1.

Physical conditions affecting construction.—In Appendix 1 are statements as to the topography, geology, and climate, as affecting the construction of the carrier's railroad, which are applicable to the Chateaugay and Lake Placid.

Economic conditions relating to traffic.—Information with respect to this subject will be found in Appendix 1.

Corporate history.—The Chateaugay and Lake Placid is a corporation of New York, with its principal office at New York City. It was incorporated on July 24, 1903, under an agreement dated July 10, 1903, under the general laws of New York, and is a consolidation of the Chateaugay Railroad, The Chateaugay Railway Company, and the Saranac and Lake Placid Rail Road Company. Its organization was perfected July 28, 1903. The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Chateaugay and Lake Placid has issued and assumed a total of \$3,794,000 in stocks and in bonds, of which \$3,450,000 in

capital stock was outstanding on date of valuation. Of the stock, \$450,000 is in common and \$3,000,000 in preferred. The Chateaugay and Lake Placid is controlled by the carrier through ownership of a majority of the outstanding capital stock. The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Chateaugay and Lake Placid, are given in Appendix 2.

Gross and net earnings of the Chateaugay and Lake Placid.—The result of the corporate operations of the Chateaugay and Lake Placid from July 24, 1903, to date of valuation is stated in detail in Appendix 2 and is summarized as follows:

Income from lease of road.....	\$894, 928. 67
During the same period taxes assessed (railway tax accruals) amounted to.....	65, 886. 98
<hr/>	
Resulting in gross income for the period (gross income) available for payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income) of.....	829, 041. 67

Dividends have been paid by the Chateaugay and Lake Placid aggregating \$764,068.78.

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

ASSETS

Investments, investment in road and equipment.....	\$3, 450, 000. 00
Deferred assets, other deferred assets.....	5, 317. 11
<hr/>	
Total.....	3, 455, 317. 11
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LIABILITIES

Stock, capital stock.....	3, 450, 000. 00
Corporate surplus, profit and loss credit balance.....	5, 317. 11
<hr/>	
Total.....	3, 455, 317. 11

Investment in road and equipment.—The Chateaugay and Lake Placid owns no equipment. The investment in road, including land, on date of valuation, is stated in its report to us to be \$3,450,000. If certain readjustments were made, as detailed in Appendix 2, this account would be decreased to \$3,382,998.62, of which \$794,000 consists of the par value of securities issued or assumed. The money value of these securities at the time of entry upon the books of the Chateaugay and Lake Placid is not known and can not be ascertained.

Original cost to date.—The original cost to date of the common-carrier property of the Chateaugay and Lake Placid can not be ascer-

tained, owing to the inadequacy of the records. The obtainable data on the outlay follows:

Chateaugay Railroad Company:	
Recorded money outlay.....	\$265,233.62
Short-term notes issued.....	1,120.14
Saranac and Lake Placid Rail Road Company:	
Recorded money outlay.....	156,715.60
Capital stock issued, par value.....	200,000.00
Chateaugay and Lake Placid, recorded money outlay.....	2,588,998.63
Less deductions not assignable specifically to any one or more of the above classes of outlay.....	18,090.62
The carrier, recorded money outlay.....	19,506.01

The foregoing does not include the outlay made by The Chateaugay Railway Company in creating and improving its property to date of acquisition by the Chateaugay and Lake Placid, as there were no obtainable accounting records. The annual report of the Board of Railroad Commissioners of the State of New York for year ended June 30, 1903, includes the reported outlay, as follows:

Capital stock issued, par value.....	\$168,000
Funded debt issued, par value.....	200,000

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Chateaugay and Lake Placid and leased to the carrier are \$2,786,284 and \$2,379,529, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheet, which is a part of Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Chateaugay and Lake Placid owns 945.41 acres of land, with a present value of \$101,948.01, which are leased to the carrier for common-carrier purposes. The total original cost of these lands can not be ascertained, as the accounting records are not obtainable. Data respecting original cost will be found in Appendix 2.

Property held for purposes other than those of a common carrier.—The Chateaugay and Lake Placid owns 138.26 acres of lands devoted to noncarrier purposes with a present value, including the value of improvements thereon, of \$6,171.50. The total original cost of these lands can not be ascertained. The obtainable costs will be found in Appendix 2. On lands leased to the carrier for common-carrier purposes are noncarrier structures with a present value of \$500.

Aids, gifts, grants of rights of way, and donations.—The Chateaugay and Lake Placid owns the following carrier and noncar-

rier lands, which it acquired through aids, the title to these lands being conveyed by deeds reciting nominal or no considerations:

Classification	Acres	Present value
Wholly owned and leased to the carrier.....	151.32	\$2,905.00
Wholly owned but held for noncarrier purposes.....	44.84	224.20

The foregoing totals are included in the preceding summaries of the present value of lands owned by the Chateaugay and Lake Placid. The value of these lands at the time acquired can not be determined.

Materials and supplies.—The Chateaugay and Lake Placid had no materials and supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value for rate-making purposes of the property of the Chateaugay and Lake Placid, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$2,550,000. No other values or elements of value to which specific sums can now be ascribed are found. No working capital, including material and supplies, is found to be owned or used by the Chateaugay and Lake Placid.

THE PLATTSBURGH AND DANNEMORA RAILROAD (PLATTSBURGH AND DANNEMORA)

Location and general description of property.—The railroad of the Plattsburgh and Dannemora Railroad, hereinafter called the Plattsburgh and Dannemora, is a single-track standard-gauge steam railroad, located in the northeastern part of New York. The owned mileage extends eastwardly from Dannemora to Bluff Point, a distance of 16.336 miles. The Plattsburgh and Dannemora also owns yard and side tracks totaling 7.969 miles. Its road thus embraces 24.305 miles of all tracks owned. In Appendix 1 will be found a general description of the property.

Jointly used property.—The Plattsburgh and Dannemora has no jointly owned and used property.

Traffic connections.—The traffic connections will be found in Appendix 1.

Physical conditions affecting construction.—In Appendix 1 are statements as to the topography, geology, and climate, as affecting the construction of carrier's railroad, which are applicable to the Plattsburgh and Dannemora.

Economic conditions relating to traffic.—Information with respect to this subject will be found in Appendix 1.

Corporate history.—The Plattsburgh and Dannemora was constructed by the State of New York from Dannemora to Bluff Point under a special act of New York passed April 19, 1878 (vide Laws of New York for 1878, chapter 148). This act authorized the superintendent of State prisons to construct a narrow-gauge railroad from a point near the Clinton State prison at Dannemora, in the county of Clinton, to a point in the town of Plattsburgh, in the same county. The purpose of the act was to secure to the State of New York—

direct railroad communications between the Clinton prison and the waters of Lake Champlain, and with the existing railroads terminating at or passing through the village of Plattsburgh, for the purpose of reducing the cost of transportation to and from said prison and securing an increased compensation to the state from the labor of the convicts confined in said prison.

The Plattsburgh and Dannemora is not an incorporated company and has never had any organization or principal office other than that given it by the State of New York through its offices. The railroad was operated from date of completion to January 1, 1903, by the Chateaugay Railroad Company, since which time it has been operated by the carrier.

History of corporate financing, capital stock, and long-term debt.—The Plattsburgh and Dannemora has issued no capital securities. The construction of its railroad has been made possible through appropriations made by the State of New York. The original act of 1878 authorized \$80,000 for construction purposes. This amount was increased by subsequent acts of 1879 to \$192,865.34, of which amount \$183,035.98 has been recorded as expended, leaving an unexpended balance of \$9,829.36.

Gross and net earnings of the Plattsburgh and Dannemora.—The Plattsburgh and Dannemora has no income or profit and loss account, as the results of operations have been merged in the accounts of the carrier.

General balance sheet.—No records are obtainable from which to submit a general balance sheet statement.

Investment in road and equipment.—The investment in road and equipment of the Plattsburgh and Dannemora, as recorded in the accounts of the auditor of prison accounts, comptroller's office, State of New York, on date of valuation, is stated to be \$183,035.98, consisting wholly of cash expenditures made for the purpose of constructing and operating the railroad. The details of this amount will be found in Appendix 2.

Original cost to date.—The original cost to date of the common-carrier property of the Plattsburgh and Dannemora can not be ascer-

tained owing to the inadequacy of the records. Data found in the records of the State of New York give the outlay for creating the original road, exclusive of equipment, as \$149,486, consisting wholly of money outlay, which does not, however, include subsequent additions and betterments to the property. The foregoing may include the cost of lands classified by us as noncarrier and as partly carrier and partly noncarrier.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Plattsburgh and Dannemora and leased to the carrier, are \$570,274 and \$478,158, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheets, which are a part of Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Plattsburgh and Dannemora owns 157.74 acres of lands, with a present value of \$4,141.05, which are leased to the carrier for common-carrier purposes. The total original cost of these lands can not be ascertained, as the accounting records are not obtainable. Information respecting original cost will be found in Appendix 2.

Property held for purposes other than those of a common carrier.—The Plattsburgh and Dannemora owns 17.66 acres of lands classified as noncarrier, with a present value, including the value of improvements thereon, of \$496. The original cost of these lands can not be ascertained. Information respecting original cost will be found in Appendix 2.

Aids, gifts, grants of rights of way, and donations.—Of the non-carrier lands owned by the Plattsburgh and Dannemora, 1.66 acres, with a present value of \$8.30, were acquired through aids, the title to this land being conveyed by deeds reciting nominal considerations only. The value of this land at the time acquired can not be ascertained.

Materials and supplies.—The Plattsburgh and Dannemora had no materials and supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Plattsburgh and Dannemora, owned but not used, leased to the carrier for common-carrier purposes, is found to be \$500,000. No other values or elements of value to which specific sums can now be ascribed are found. No working capital, including material and

supplies, is found to be owned or used by the Plattsburgh and Dannemora.

IN GENERAL

With respect to each of the foregoing carriers embraced in this proceeding, in addition to the other matters stated, the following paragraphs apply as a part of each of the respective tentative valuations:

Appendixes.—Attached hereto and made a part hereof are Appendixes 1, 2, and 3. Appendix 1 gives the explanatory text and summary sheets showing the classification of the cost of reproduction new and cost of reproduction less depreciation above set forth, in conformity with the classification of expenditures for road and equipment prescribed by us. Appendix 2 shows further details as to the development of fixed physical property, history of capital financing, results of corporate operations, investment in road and equipment, original cost to date, miscellaneous physical property, investments in other companies, and leased railway property, with respect to the carrier and the affiliated companies under valuation, excepting those features treated in the text of the report. Appendix 3 is a statement of the method of determining working capital.

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

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

APPENDIX 1

THE CARRIER AND LEASED LINES

TOPOGRAPHY, GEOLOGY, AND CLIMATE

Topography.—The lines in Pennsylvania and the northern branches in New York State, extending westerly into the Adirondack Mountains, traverse rough and mountainous sections. The remainder, and by far the larger part of the road, is situated in a rolling and hilly country. The very northern part of the system lies upon a watershed draining northerly into the St. Lawrence River. The remaining parts are situated on a watershed whose principal streams flow in a southwardly direction. The railroad reaches tidewater at Albany, N. Y., on the Hudson River. Its greatest altitude is about 1,900 feet, at Lake Placid, N. Y. The northern part of the main line follows the shores of Lake Cham-
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plain, while the central and southern portions generally cut across the large drainage systems.

Geology.—The territory covered by the road is generally typical of areas at one time glaciated. The soil consists principally of loam, sand, gravel, and clay, with bowlders scattered more or less freely through the glacial deposits. The ledge rock is usually rather hard, and is composed of many different kinds of materials. Sandstone is more or less prevalent throughout the entire territory. Granite and limestone are prevalent generally in the central and northern sections, and shale and slate in the central and southern sections.

Climate.—The temperature ranges from 100° above to 40° below zero. The normal annual rainfall is 35 to 41 inches, the average length of the crop-growing season 140 to 155 days. The higher temperature and the higher values for the annual precipitation and length of crop-growing season prevail in the southern parts of the region and decrease toward the north. The winters of the northern parts are rather long and severe.

ECONOMIC CONDITIONS RELATING TO TRAFFIC

The railroad is, in Pennsylvania, entirely situated among extensively worked anthracite-coal fields, constituting one of the most important industrial regions reached by the carrier. At and in the vicinities of the cities of Albany, Schenectady, and Troy are located many and various manufacturing plants, some of which are quite large and important. In addition, small industries are scattered, rather thinly, along the remainder of the road. Stone quarries producing sandstone, limestone, granite, and marble are more or less prevalent in the State of New York, and in the vicinity of Lake Champlain there are a number of iron-ore mines. The principal industrial products are coal, clothing, electrical appliances, and the products of the stone quarries.

CHARACTERISTICS OF ROAD

The ruling grades vary from 0.30 of 1 per cent to 3 per cent. The maximum curvature is 16°.

TRAFFIC CONNECTIONS

The carrier has direct connection with other railroads as follows:

With—	At—
Boston and Maine Railroad.....	Eagle Bridge, Mechanicsville, and Troy, N. Y.
The Central Railroad Company of Wilkes-Barre and Minooks Junction, Pa. New Jersey.	
Central Vermont Railway Company..	Rouses Point, N. Y.
Clarendon & Pittsford Railroad Com- pany.	Central Rutland and West Rutland, Vt.
Cooperstown and Charlotte Valley..	Cooperstown Junction, N. Y.
The Delaware, Lackawanna & West- ern Railroad Company.	Binghamton, N. Y., Plymouth Junction, and Scranton, Pa.
Erie Railroad Company.....	Binghamton, N. Y., Carbondale, Hones- dale, Jefferson Junction, and Scrant- on, Pa.
The Grand Trunk Railway Company of Canada.	Mooers Junction and Rouses Point, N. Y.
Greenwich and Johnsonville.....	Greenwich Junction, N. Y.

With—	At—
Keesville, Ausable Chasm and Lake Port Kent, N. Y. Champlain Railroad Company.	
Lehigh Valley Railroad Company.....	Port Henry, N. Y.
Lake Champlain and Moriah Rail Road Company.	Owego, N. Y., and Wilkes-Barre, Pa.
Napierville Junction Railway Com- pany.	Rouses Point, N. Y.
The New York Central Railroad Com- pany.	Albany, Green Island, Loon Lake, Sar- anac Lake, Schenectady, South Sche- nectady, Troy, and Voorheesville, N. Y.
New York, Ontario and Western Rail- way Company.	Sidney, N. Y., and Carbondale and Jermyn, Pa.
New York, Susquehanna and Western Railroad Company.	Yatesville, Pa.
The Pennsylvania Railroad Company.	Buttonwood and Wilkes-Barre, Pa.
Quebec, Montreal and Southern Rail- way.	Rouses Point, N. Y.
Rutland Railroad Company.....	Fort Ticonderoga, Mooers Junction, Rouses Point, N. Y., and Rutland, Vt.
Schoharie Valley Railroad.....	Schoharie Junction, N. Y.
The Troy Union Rail Road Company.	Troy, N. Y.
The Ulster & Delaware Railroad Com- pany.	Oneonta, N. Y.
Wilkes-Barre Connecting.....	Plymouth Junction and Wilkes-Barre, Pa.

EQUIPMENT

The carrier owns and uses, and owns but does not use, the following units of equipment:

Wholly owned and used:	Units
Steam locomotives	472
Freight-train cars.....	18, 838
Passenger-train cars	462
Work equipment.....	501
Total.....	20, 273
Owned but not used, leased to Carolina, Clinchfield and Ohio Railway, passenger-train car.....	1

ENGINEERING AND GENERAL EXPENDITURES

Engineering has been estimated at the percentages stated on accounts 3 to 47, inclusive, as follows:

	Per cent
Property owned by the carrier, the Albany and Susquehanna, and the Northern Coal and Iron Company.....	4. 25
Property owned by the Rensselaer and Saratoga, the Sara- toga and Schenectady, the Rutland and Whitehall, the Albany and Vermont, the Chateaugay and Lake Placid, the Plattsburgh and Dannemora, and the Ticonderoga Rail- road	4. 5

General expenditures, exclusive of interest, have been estimated on the basis of 1.5 per cent upon road accounts 1 to 47, exclusive of account 2. Interest during construction has been estimated for one-half the construction period, excepting where the construction period is less than six months, in which case the construction period has been used, plus three months, at the rate of 6 per cent per annum on all road and general-expenditures accounts, excepting accounts 2 and 76, and for three months on all equipment accounts.

Construction period.—It is estimated that the various sections of the properties involved in this proceeding could be constructed as follows:

Carrier	Months		Months
Albany and Susquehanna	3-36	Northern Coal and Iron Com-	
Rensselaer and Saratoga	32	pany	30
Saratoga and Schenectady	18-24	Chateaugay and Lake Placid	20
Rutland and Whitehall	24	Plattsburgh and Dannemora	20
Albany and Vermont	18	Ticonderoga Railroad	6
	24		

SUMMARIES

The carrier, wholly owned and used, including carrier's portion of jointly owned minor facilities

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
	<i>All sections</i>		
	I. ROAD		
1	Engineering	\$1,110,233	\$1,110,233
3	Grading	9,547,451	9,439,110
5	Tunnels and subways	79,507	73,021
6	Bridges, trestles, and culverts	2,606,989	2,013,342
8	Ties	1,503,422	751,709
9	Rails	2,172,097	1,882,867
10	Other track material	607,642	417,028
11	Ballast	963,765	650,150
12	Tracklaying and surfacing	1,293,103	913,404
13	Right-of-way fences	219,992	110,637
14	Snow and sand fences and snowsheds	1,677	538
15	Crossings and signs	318,971	239,461
16	Station and office buildings	1,944,796	1,538,322
17	Roadway buildings	92,327	44,501
18	Water stations	151,094	93,552
19	Fuel stations	136,835	94,353
20	Shops and engine houses	2,054,783	1,626,581
23	Wharves and docks	49,656	36,788
24	Coal and ore wharves	6,884	3,901
25	Gas-producing plants	3,348	3,024
26	Telegraph and telephone lines	88,436	58,523
27	Signals and interlockers	464,660	347,871
29	Power-plant buildings	72,218	62,040
31	Power-transmission systems	5,750	5,060
32	Power-distribution systems	148,560	136,936
33	Power-line poles and fixtures	4,523	3,895
36	Paving	7,053	4,268
37	Roadway machines	43,139	29,060
38	Roadway small tools	13,638	6,820
43	Other expenditures, road	16,865	16,191
44	Shop machinery	1,342,814	916,657
45	Power plant machinery	162,082	128,422
	Total, 1, and 3 to 47, inclusive	27,233,347	22,763,504
	II. EQUIPMENT		
51	Steam locomotives	8,020,810	5,177,911
53	Freight-train cars	16,961,862	11,212,868
54	Passenger-train cars	2,407,860	1,146,064
57	Work equipment	651,253	399,869
	Total, 51 to 58, inclusive	28,031,775	17,936,712

The carrier, wholly owned and used, including carrier's portion of jointly owned minor facilities—Continued

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<i>All sections</i>			
III. GENERAL EXPENDITURES			
71	Organization expenses.....	\$408, 256	\$340, 185
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
76	Other expenditures, general.....		
76	Interest during construction.....	2, 759, 332	2, 208, 986
	Total, 71 to 77, inclusive.....	3, 167, 588	2, 540, 171
	Grand total, 1, and 3 to 77, inclusive.....	58, 432, 710	43, 249, 387
<i>In New York</i>			
I. ROAD			
1	Engineering.....	845, 500	845, 500
3	Grading.....	7, 832, 233	7, 778, 492
5	Tunnels and subways.....	79, 507	73, 021
6	Bridges, trestles, and culverts.....	1, 958, 743	1, 407, 170
8	Ties.....	1, 040, 142	520, 069
9	Rails.....	1, 507, 931	1, 310, 374
10	Other track material.....	392, 194	274, 946
11	Ballast.....	747, 342	520, 296
12	Tracklaying and surfacing.....	940, 640	670, 205
13	Right-of-way fences.....	206, 314	104, 401
14	Snow and sand fences and snow sheds.....	489	244
15	Crossings and signs.....	234, 525	178, 734
16	Station and office buildings.....	1, 397, 551	1, 153, 780
17	Roadway buildings.....	55, 369	27, 150
18	Water stations.....	80, 015	49, 883
19	Fuel stations.....	92, 293	70, 227
20	Shops and engine houses.....	1, 331, 952	1, 137, 111
23	Wharves and docks.....	49, 656	36, 788
24	Coal and ore wharves.....	6, 884	3, 901
25	Gas-producing plants.....	3, 348	3, 024
26	Telegraph and telephone lines.....	46, 009	31, 197
27	Signals and interlockers.....	364, 702	273, 737
29	Power-plant buildings.....	40, 806	36, 292
31	Power-transmission systems.....	795	775
32	Power-distribution systems.....	137, 640	129, 030
33	Power-line poles and fixtures.....	2, 460	2, 240
36	Paving.....	7, 038	4, 208
37	Roadway machines.....	37, 923	25, 542
38	Roadway small tools.....	10, 309	5, 155
43	Other expenditures, road.....	16, 865	16, 191
44	Shop machinery.....	1, 156, 758	802, 013
45	Power-plant machinery.....	115, 683	96, 118
	Total, 1, and 3 to 47, inclusive.....	20, 739, 616	17, 677, 814
III. GENERAL EXPENDITURES			
71	Organization expenses.....	311, 094	264, 430
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
76	Other expenditures, general.....		
76	Interest during construction.....	1, 652, 311	1, 404, 464
	Total, 71 to 77, inclusive.....	1, 963, 405	1, 668, 894
	Grand total, 1, and 3 to 77, inclusive.....	22, 703, 021	19, 346, 708

The carrier, wholly owned and used, including carrier's portion of jointly owned minor facilities—Continued

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<i>In Pennsylvania</i>			
I. ROAD			
1	Engineering.....	\$262,930	\$262,930
3	Grading.....	1,715,218	1,660,618
6	Bridges, trestles, and culverts.....	448,246	516,172
8	Ties.....	463,280	231,640
9	Rails.....	664,166	572,493
10	Other track material.....	215,448	142,082
11	Ballast.....	216,423	129,854
12	Tracklaying and surfacing.....	352,463	243,199
13	Right-of-way fences.....	13,678	6,326
14	Snow and sand fences and snowsheds.....	1,188	594
15	Crossings and signs.....	84,446	60,727
16	Station and office buildings.....	509,301	356,084
17	Roadway buildings.....	36,958	17,351
18	Water stations.....	71,079	48,669
19	Fuel stations.....	43,592	24,126
20	Shops and engine houses.....	722,831	489,470
26	Telegraph and telephone lines.....	42,427	27,236
27	Signals and interlockers.....	99,958	74,134
29	Power-plant buildings.....	31,412	25,748
31	Power-transmission systems.....	4,955	4,285
32	Power-distribution systems.....	10,920	7,905
33	Power-line poles and fixtures.....	2,065	1,655
37	Roadway machines.....	3,651	2,500
38	Roadway small tools.....	3,329	1,665
44	Shop machinery.....	183,160	113,535
45	Power-plant machinery.....	46,399	32,304
Total, 1, and 3 to 47, inclusive.....		6,449,523	5,053,302
III. GENERAL EXPENDITURES			
71	Organization expenses.....	96,499	75,269
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	685,871	534,923
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		782,370	610,192
Grand total, 1, and 3 to 77, inclusive.....		7,231,893	5,663,494
<i>In Vermont</i>			
I. ROAD			
1	Engineering.....	190	190
37	Roadway machines.....	1,565	1,018
44	Shop machinery.....	2,896	1,109
Total, 1, and 3 to 47, inclusive.....		4,651	2,317
III. GENERAL EXPENDITURES			
71	Organization expenses.....	70	35
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	71	36
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		141	71
Grand total, 1, and 3 to 77, inclusive.....		4,792	2,388

The carrier, wholly owned and used, including carrier's portion of jointly owned minor facilities—Continued

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<i>Not allocated to States</i>			
I. ROAD			
1	Engineering.....	\$1,613	\$1,613
16	Station and office buildings.....	37,944	28,458
Total, 1, and 3 to 47, inclusive.....		39,557	30,071
II. EQUIPMENT			
51	Steam locomotives.....	8,020,810	5,177,911
53	Freight-train cars.....	16,951,852	11,212,868
54	Passenger-train cars.....	2,407,860	1,146,064
57	Work equipment.....	651,253	389,869
Total, 51 to 58, inclusive.....		28,031,775	17,936,712
III. GENERAL EXPENDITURES			
71	Organization expenses.....	593	451
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	421,079	269,563
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		421,672	270,014
Grand total, 1, and 3 to 77, inclusive.....		28,493,004	18,236,797

The carrier, wholly owned but not used, leased to the Champlain Transportation Company

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<i>In New York</i>			
I. ROAD			
1	Engineering.....	\$428	\$428
16	Station and office buildings.....	1,595	1,017
23	Wharves and docks.....	8,506	4,630
Total, 1, and 3 to 47, inclusive.....		10,529	6,075
III. GENERAL EXPENDITURES			
71	Organization expenses.....	158	92
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	160	93
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		318	185
Grand total, 1, and 3 to 77, inclusive.....		10,847	6,260

The carrier, wholly owned but not used, leased to Carolina, Clinchfield and Ohio Railway

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<i>Not allocated to States</i>			
II. EQUIPMENT			
54	Passenger-train cars.....	\$25,170	\$21,546
	Total, 51 to 58, inclusive.....	25,170	21,546
III. GENERAL EXPENDITURES			
76	Interest during construction.....	378	325
	Total, 71 to 77, inclusive.....	378	325
	Grand total, 1, and 3 to 77, inclusive.....	25,548	21,871

The carrier, used but not owned, including the Albany and Susquehanna's portion of jointly owned minor facilities, leased from the Albany and Susquehanna

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<i>In New York</i>			
I. ROAD			
1	Engineering.....	\$544,087	\$544,087
3	Grading.....	3,540,639	3,522,806
5	Tunnels and subways.....	235,845	213,577
6	Bridges, trestles, and culverts.....	1,627,585	1,282,163
8	Ties.....	940,150	470,075
9	Rails.....	1,551,130	1,370,240
10	Other track material.....	399,283	277,514
11	Ballast.....	569,854	367,910
12	Tracklaying and surfacing.....	774,717	557,796
13	Right-of-way fences.....	92,011	35,408
14	Snow and sand fences and snowsheds.....	1,673	826
15	Crossings and signs.....	227,500	176,051
16	Station and office buildings.....	693,675	406,470
17	Roadway buildings.....	84,705	37,377
18	Water stations.....	118,375	80,053
19	Fuel stations.....	156,269	89,237
20	Shops and engine houses.....	1,043,830	705,525
24	Coal and ore wharves.....	162,592	103,353
26	Telegraph and telephone lines.....	76,459	42,204
27	Signals and interlockers.....	365,624	272,065
29	Power-plant buildings.....	32,775	26,218
31	Power-transmission systems.....	3,350	2,950
32	Power-distribution systems.....	13,300	8,810
33	Power-line poles and fixtures.....	2,285	1,375
36	Paving.....	13,528	7,382
38	Roadway small tools.....	5,597	2,799
45	Power-plant machinery.....	69,304	51,582
	Total, 1, and 3 to 47, inclusive.....	13,346,142	10,656,863
III. GENERAL EXPENDITURES			
71	Organization expenses.....	200,192	160,154
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....		
76	Interest during construction.....	1,286,902	1,029,522
	Total, 71 to 77, inclusive.....	1,487,094	1,189,676
	Grand total, 1, and 3 to 77, inclusive.....	14,833,236	11,846,539

The carrier, used but not owned, including the Rensselaer and Saratoga's portion of jointly owned minor facilities, leased from the Rensselaer and Saratoga

Acct.	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<i>All sections</i>			
I. ROAD			
1	Engineering.....	\$420, 417	\$420, 417
3	Grading.....	2, 625, 371	2, 612, 594
5	Tunnels and subways.....	109, 949	85, 134
6	Bridges, trestles, and culverts.....	1, 563, 596	1, 131, 105
8	Ties.....	741, 005	370, 503
9	Rails.....	1, 109, 607	953, 469
10	Other track material.....	280, 621	187, 060
11	Ballast.....	542, 500	397, 609
12	Tracklaying and surfacing.....	648, 658	463, 079
13	Right-of-way fences.....	84, 062	38, 770
15	Crossings and signs.....	132, 634	97, 357
16	Station and office buildings.....	535, 337	345, 400
17	Roadway buildings.....	67, 660	32, 695
18	Water stations.....	61, 698	39, 990
19	Fuel stations.....	28, 387	24, 526
20	Shops and engine houses.....	504, 115	264, 803
23	Wharves and docks.....	20, 883	14, 733
24	Coal and ore wharves.....	55, 045	25, 672
26	Telegraph and telephone lines.....	37, 437	25, 802
27	Signals and interlockers.....	179, 697	135, 404
31	Power-transmission systems.....	1, 360	1, 310
32	Power-distribution systems.....	4, 765	4, 160
33	Power-line poles and fixtures.....	1, 195	910
36	Paving.....	1, 450	725
38	Roadway small tools.....	4, 454	2, 228
46	Power-substation apparatus.....	1, 115	900
Total, 1, and 3 to 47, inclusive.....		9, 763, 018	7, 676, 355
III. GENERAL EXPENDITURES			
71	Organization expenses.....	146, 446	115, 692
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	725, 715	573, 315
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		872, 161	689, 007
Grand total, 1, and 3 to 77, inclusive.....		10, 635, 179	8, 365, 362
<i>In New York</i>			
I. ROAD			
1	Engineering.....	370, 934	370, 934
3	Grading.....	2, 265, 536	2, 253, 446
5	Tunnels and subways.....	109, 949	85, 134
6	Bridges, trestles, and culverts.....	1, 407, 441	1, 019, 659
8	Ties.....	635, 895	317, 948
9	Rails.....	983, 367	848, 488
10	Other track material.....	249, 043	155, 578
11	Ballast.....	465, 183	344, 049
12	Tracklaying and surfacing.....	549, 795	395, 852
13	Right-of-way fences.....	61, 697	27, 659
15	Crossings and signs.....	106, 766	77, 800
16	Station and office buildings.....	473, 053	305, 248
17	Roadway buildings.....	61, 685	30, 434
18	Water stations.....	50, 479	34, 202
19	Fuel stations.....	28, 387	24, 526
20	Shops and engine houses.....	488, 721	258, 574
23	Wharves and docks.....	20, 883	14, 733
24	Coal and ore wharves.....	55, 045	25, 672
26	Telegraph and telephone lines.....	36, 193	24, 785
27	Signals and interlockers.....	178, 133	134, 262
31	Power-transmission systems.....	1, 360	1, 310
32	Power-distribution systems.....	4, 765	4, 160
33	Power-line poles and fixtures.....	1, 195	910
36	Paving.....	1, 450	725
38	Roadway small tools.....	3, 841	1, 921
46	Power substation apparatus.....	1, 115	900
Total, 1, and 3 to 47, inclusive.....		8, 613, 911	6, 766, 920

The carrier, used but not owned, including the Rensselaer and Saratoga's portion of jointly owned minor facilities, leased from the Rensselaer and Saratoga—Continued

Acct.	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<i>In New York—Continued</i>			
III. GENERAL EXPENDITURES			
71	Organization expenses.....	\$129, 209	\$102, 075
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
76	Interest during construction.....		
	Total, 71 to 77, inclusive.....	655, 734	518, 080
	Total, 71 to 77, inclusive.....	784, 943	620, 105
	Grand total, 1, and 3 to 77, inclusive.....	9, 398, 854	7, 387, 025
<i>In Vermont</i>			
I. ROAD			
1	Engineering.....	49, 483	49, 483
8	Grading.....	359, 835	359, 146
6	Bridges, trestles, and culverts.....	156, 155	111, 438
8	Ties.....	105, 110	52, 555
9	Rails.....	126, 240	104, 981
10	Other track material.....	31, 578	21, 482
11	Ballast.....	77, 317	53, 560
12	Tracklaying and surfacing.....	98, 863	67, 227
13	Right-of-way fences.....	22, 365	11, 111
15	Crossings and signs.....	25, 868	19, 557
16	Station and office buildings.....	60, 284	42, 152
17	Roadway buildings.....	5, 975	2, 261
18	Water stations.....	11, 219	5, 787
20	Shops and engine houses.....	15, 394	6, 229
26	Telegraph and telephone lines.....	1, 244	1, 017
27	Signals and interlockers.....	1, 564	1, 142
38	Roadway small tools.....	613	307
	Total, 1, and 3 to 47, inclusive.....	1, 149, 107	909, 435
III. GENERAL EXPENDITURES			
71	Organization expenses.....	17, 237	13, 617
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
76	Interest during construction.....		
	Total, 71 to 77, inclusive.....	69, 981	55, 285
	Total, 71 to 77, inclusive.....	87, 218	68, 902
	Grand total, 1, and 3 to 77, inclusive.....	1, 236, 325	978, 337

The carrier, used but not owned, including the Saratoga and Schenectady's portion of jointly owned minor facilities, leased from the Saratoga and Schenectady

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<i>In New York</i>			
I. ROAD			
1	Engineering.....	\$99,417	\$99,417
3	Grading.....	324,167	314,563
6	Bridges, trestles, and culverts.....	459,033	387,516
8	Ties.....	179,861	90,012
9	Rails.....	264,118	225,090
10	Other track material.....	79,053	52,713
11	Ballast.....	110,773	74,908
12	Tracklaying and surfacing.....	145,119	105,937
13	Right-of-way fences.....	13,866	6,053
15	Crossings and signs.....	55,681	39,703
16	Station and office buildings.....	419,654	310,862
17	Roadway buildings.....	6,448	3,546
18	Water stations.....	24,949	21,324
19	Fuel stations.....	11,419	7,521
20	Shops and engine houses.....	39,226	19,423
26	Telegraph and telephone lines.....	6,825	5,325
27	Signals and interlockers.....	62,031	44,025
29	Power-plant buildings.....	4,290	2,719
32	Power-distribution systems.....	1,525	1,025
33	Power-line poles and fixtures.....	1,80	65
38	Roadway small tools.....	1,150	575
Total, 1, and 3 to 47, inclusive.....		2,308,694	1,812,927
III. GENERAL EXPENDITURES			
71	Organization expenses.....	34,630	27,358
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	175,749	138,842
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		210,379	166,200
Grand total, 1, and 3 to 77, inclusive.....		2,519,073	1,979,127

The carrier, used but not owned, leased from the Rutland and Whitehall

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<i>In Vermont</i>			
I. ROAD			
1	Engineering.....	\$11,501	\$11,501
3	Grading.....	86,074	85,773
6	Bridges, trestles, and culverts.....	34,594	24,225
8	Ties.....	21,175	10,588
9	Rails.....	25,944	22,868
10	Other track material.....	7,196	5,049
11	Ballast.....	16,453	11,111
12	Tracklaying and surfacing.....	21,779	15,245
13	Right-of-way fences.....	4,282	2,141
15	Crossings and signs.....	11,474	8,368
16	Station and office buildings.....	21,882	11,429
17	Roadway buildings.....	854	255
20	Shops and engine houses.....	2,759	1,433
26	Telegraph and telephone lines.....	359	264
27	Signals and interlockers.....	609	443
38	Roadway small tools.....	128	64
Total, 1, and 3 to 47, inclusive.....		267,073	210,757

The carrier, used but not owned, leased from the Rutland and Whitehall—Con.

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<i>In Vermont—Continued</i>			
III. GENERAL EXPENDITURES			
71	Organization expenses.....	\$4,006	\$3,165
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....		
76	Interest during construction.....	16,265	12,849
	Total, 71 to 77, inclusive.....	20,271	16,014
	Grand total, 1, and 3 to 77, inclusive.....	287,344	226,771

The carrier, used but not owned, leased from the Albany and Vermont

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<i>In New York</i>			
I. ROAD			
1	Engineering.....	\$60,016	\$60,016
3	Grading.....	275,045	273,322
6	Bridges, trestles, and culverts.....	310,084	244,262
8	Ties.....	100,129	50,065
9	Rails.....	157,095	133,010
10	Other track material.....	47,766	30,312
11	Ballast.....	76,633	61,154
12	Tracklaying and surfacing.....	86,026	61,939
13	Right-of-way fences.....	8,118	4,058
15	Crossings and signs.....	104,229	84,342
16	Station and office buildings.....	79,341	53,095
17	Roadway buildings.....	14,569	4,557
18	Water stations.....	2,739	1,658
20	Shops and engine houses.....	1,157	557
26	Telegraph and telephone lines.....	8,117	6,519
27	Signals and interlockers.....	59,217	48,928
31	Power-transmission systems.....	520	500
32	Power-distribution systems.....	360	280
33	Power-line poles and fixtures.....	190	170
36	Paving.....	1,826	913
38	Roadway small tools.....	593	297
	Total, 1, and 3 to 47, inclusive.....	1,333,710	1,119,954
III. GENERAL EXPENDITURES			
71	Organization expenses.....	20,906	16,725
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....		
76	Interest during construction.....	105,096	84,877
	Total, 71 to 77, inclusive.....	127,062	101,602
	Grand total, 1, and 3 to 77, inclusive.....	1,520,712	1,221,556

The carrier, used but not owned, including the Northern Coal and Iron Company's portion of jointly owned property, leased from the Northern Coal and Iron Company

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<i>In Pennsylvania</i>			
I. ROAD			
1	Engineering.....	\$147,612	\$147,612
3	Grading.....	959,484	930,337
6	Bridges, trestles, and culverts.....	570,515	431,695
8	Ties.....	262,919	146,459
9	Rails.....	435,764	378,802
10	Other track material.....	151,866	100,644
11	Ballast.....	162,129	97,513
12	Tracklaying and surfacing.....	217,987	150,377
13	Right-of-way fences.....	2,319	1,159
15	Crossings and signs.....	90,761	74,887
16	Station and office buildings.....	311,107	221,682
17	Roadway buildings.....	4,849	2,805
18	Water stations.....	18,390	12,871
19	Fuel stations.....	8,713	4,256
20	Shops and engine houses.....	59,145	35,639
22	Storage warehouses.....	27,000	10,260
26	Telegraph and telephone lines.....	15,703	9,999
27	Signals and interlockers.....	139,091	97,930
29	Power-plant buildings.....	1,189	790
31	Power-transmission systems.....	320	310
32	Power-distribution systems.....	2,080	1,260
33	Power-line poles and fixtures.....	220	200
38	Roadway small tools.....	1,721	861
Total, 1, and 3 to 47, inclusive.....		3,620,834	2,858,348
III. GENERAL EXPENDITURES			
71	Organization expenses.....	54,313	42,907
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	330,763	261,303
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		385,076	304,210
Grand total, 1, and 3 to 77, inclusive.....		4,005,910	3,162,558

The carrier, used but not owned, leased from the Chateaugay & Lake Placid

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<i>In New York</i>			
I. ROAD			
1	Engineering.....	\$110,996	\$110,996
3	Grading.....	1,001,154	998,818
6	Bridges, trestles, and culverts.....	285,583	238,170
8	Ties.....	212,567	106,284
9	Rails.....	309,790	276,705
10	Other track material.....	74,235	50,628
11	Ballast.....	134,872	100,571
12	Tracklaying and surfacing.....	186,740	136,320
13	Right-of-way fences.....	22,423	11,211
15	Crossings and signs.....	11,434	8,126
16	Station and office buildings.....	162,776	115,459
17	Roadway buildings.....	6,358	4,318
18	Water stations.....	24,153	16,253
19	Fuel stations.....	271	245
20	Shops and engine houses.....	25,097	22,054
26	Telegraph and telephone lines.....	4,238	2,883
27	Signals and interlockers.....	2,163	1,624
32	Power-distribution systems.....	200	195
38	Roadway small tools.....	2,516	1,258
Total, 1, and 3 to 47, inclusive.....		2,577,566	2,202,118

The carrier, used but not owned, leased from the Chateaugay & Lake Placid—
Continued

Account	Classes	Cost of re- production new	Cost of re- production less depre- ciation
<i>In New York—Continued</i>			
III GENERAL EXPENDITURES			
71	Organization expenses.....	\$38,663	\$32,864
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....		
76	Interest during construction.....	170,055	144,547
	Total, 71 to 77, inclusive.....	208,718	177,411
	Grand total, 1, and 3 to 77, inclusive.....	2,786,284	2,379,529

The carrier, used but not owned, leased from the Plattsburgh and Dannemora

Ac- count	Classes	Cost of re- production new	Cost of re- production less depre- ciation
<i>In New York</i>			
I. ROAD			
1	Engineering.....	\$22,718	\$22,718
3	Grading.....	192,045	191,982
6	Bridges, trestles, and culverts.....	35,166	29,160
8	Ties.....	57,538	28,770
9	Rails.....	83,430	74,220
10	Other track material.....	18,531	12,715
11	Ballast.....	32,925	24,552
12	Tracklaying and surfacing.....	49,884	36,415
13	Right-of-way fences.....	14,644	7,322
15	Crossings and signs.....	6,105	5,058
16	Station and office buildings.....	7,068	3,929
17	Roadway buildings.....	1,595	1,106
18	Water stations.....	4,109	3,140
26	Telegraph and telephone lines.....	914	599
27	Signals and interlockers.....	624	458
38	Roadway small tools.....	262	131
	Total, 1, and 3 to 47, inclusive.....	527,556	442,275
III GENERAL EXPENDITURES			
71	Organization expenses.....	7,913	6,647
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....		
76	Interest during construction.....	34,805	29,236
	Total, 71 to 77, inclusive.....	42,718	35,883
	Grand total, 1, and 3 to 77, inclusive.....	570,274	478,158

The carrier, used but not owned, leased from the Ticonderoga Railroad

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<i>In New York</i>			
I. ROAD			
1	Engineering.....	\$3,710	\$3,710
3	Grading.....	13,685	13,676
6	Bridges, trestles, and culverts.....	11,003	10,315
8	Ties.....	7,682	3,841
9	Rails.....	10,824	9,284
10	Other track material.....	5,623	4,108
11	Ballast.....	4,478	2,809
12	Tracklaying and surfacing.....	6,736	4,715
13	Right-of-way fences.....	188	94
15	Crossings and signs.....	1,251	788
16	Station and office buildings.....	18,390	14,866
17	Roadway buildings.....	339	169
18	Water stations.....	857	733
20	Shops and engine houses.....	399	240
26	Telegraph and telephone lines.....	215	184
27	Signals and interlockers.....	165	137
38	Roadway small tools.....	617	309
Total, 1, and 3 to 47, inclusive.....		86,162	69,918
III. GENERAL EXPENDITURES			
71	Organization expenses.....	1,292	1,047
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	2,624	2,125
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		3,916	3,172
Grand total, 1, and 3 to 77, inclusive.....		90,078	73,090

APPENDIX 2

THE CARRIER

CORPORATE HISTORY

The corporations whose franchises and properties have gone to make up the present company, and the dates of the changes in those several corporations, are shown in the following table:

Corporate name	Date of incorporation	State	Date of acquisition by successor
1. The Delaware and Hudson Company.	Apr. 28, 1899	New York.....	Present company.
2. The President, Manager and Company of the Delaware and Hudson Canal Company.	Mar. 13, 1823 Apr. 23, 1823	Pennsylvania..... New York.....	Name changed to No. 1 Apr. 28, 1899.
3. The Adirondack Railway Company.	July 7, 1882	do.....	Acquired by No. 1 Nov. 5, 1902.
4. Adirondack Company.....	Oct. 24, 1863	do.....	Acquired by No. 3 Nov. 24, 1882
5. The Adirondac Estate and Railroad Company.	Aug. 11, 1860	do.....	Acquired by No. 4 Nov. 11, 1863
6. The Lake Ontario and Hudson River Railroad Company.	Apr. 6, 1857	do.....	Acquired by No. 5 Aug. 13, 1860.
7. Sackets Harbor and Saratoga Railroad Company.	Feb. 23, 1852	do.....	Name changed to No. 6 Apr. 6, 1857.
8. Duaneburgh Railroad Company.	July 15, 1873	do.....	Acquired by No. 1 Aug. 4, 1903.
9. The Schenectady & Susquehanna Rail Road Company.	Dec. 27, 1869	do.....	Acquired by No. 8 July 12, 1873.
10. The New York and Canada Railroad Company.	Apr. 8, 1873	do.....	Acquired by No. 1 May 23, 1908.

Corporate name	Date of incorporation	State	Date of acquisition by successor
11. The New York and Canada Railroad Company of 1872	Mar 16, 1872	New York.....	Acquired by No 10 Apr. 8, 1873.
12 The Whitehall and Plattsburgh Railroad Company	Feb. 16, 1866	.....do.....	Acquired by No 10 Apr 8, 1873.
13. The Montreal and Plattsburgh Rail Road Company	Aug. 22, 1868	.... do	Acquired by No 10 Apr 8, 1873
14 The Plattsburgh and Montreal Rail Road Company	Mar 28, 1850	.....do.....	Acquired by No 13 Aug 20, 1868
15 The Cherry Valley, Sharon and Albany Railroad Company	Apr 10, 1869	.....do.....	Acquired by No 1 July 17, 1908
16 Cherry Valley and Mohawk River Railroad Company	Apr 15, 1864	.....do.....	Name changed to No 15 Apr 10, 1869
17 Cherry Valley and Sprakers Railroad Company	Apr 10, 1860	.....do.....	Name changed to No 16 Apr 15, 1861

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

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

	Approximate mileage
Purchased May 8, 1911, that part of the line of the Greenwich & Johnsonville Railway Company extending from Greenwich to Greenwich Junction, N Y , constructed by the railroad on a date unknown	10 200
Merger	
Nov 5, 1902, of the property of The Adirondack Railway Company, Saratoga Springs to North Creek, N Y , road opened for operation on the following dates, but by whom constructed is unknown—	
Saratoga Springs to Greenfield, 1865	5 680
Greenfield to Wolf Creek, 1866	18 756
Wolf Creek to Thurman, 1869	10 566
Thurman to near Riverside, 1870	14 556
Near Riverside to North Creek, 1871	7 759
Aug 4, 1903, of the property of the Schenectady and Duaneburgh Railroad Company, Schenectady to Delanson, N Y , constructed by the Albany and Susquehanna in 1863	14 189
May 23, 1908, of the property of the New York and Canada Railroad Company, Lake Station, near Whitehall, to Baldwin, Ausable Forks to South Junction, and Canada Junction to the New York-Canada line—	
Constructed by The Plattsburgh and Montreal Railroad Company on unknown date and opened for operation as follows Plattsburgh to Mooers Junction, July 26, 1852, Mooers Junction to New York-Canada line, Sept 20, 1852	23 000
Constructed by The Whitehall and Plattsburgh Railroad Company on the following dates—	
Ausable River, near Ausable Forks, to Plattsburgh, 21 miles, in 1869	36 000
Fort Ticonderoga to Port Henry, 15 miles, in 1870	
Constructed by the carrier and acquired on following dates	
Lake Station to Fort Ticonderoga, 1873	90 169
Port Henry to South Junction, 1875	
Montcalm Landing to Baldwin, 1875	
Canada Junction to Rouses Point, 1876	
Ausable River to Ausable Forks, 1894	
Rouses Point to New York-Canada line, 1906	
Constructed by The Cherry Valley, Sharon and Albany Railroad Company, 1869-0	21 340
	242 605
Construction	
1829, Honesdale Junction to Lookout Junction, Pa	27 20
1846, Green Ridge to Carbondale, Pa	15 22
1846, Archbald to Bushwick, Pa	4 96
1863, Vine Street to Green Ridge, Pa	1 47
1871, Jefferson Junction to State line, Pa	4 36
1871, State line to Nimeveh, N Y	18 225
1877, End of branch to Vine Street, Pa	0 5 8
1881, Glennville to Coons, N Y	9 18
1901, Moreau Junction to South Glens Falls, N Y	4 77
1905, Thurman to Wariensburgh, N Y	3 47
	90 053
Total recorded mileage	342 258

HISTORY OF CORPORATE FINANCING

The records of the carrier disclose no syndicating transaction. The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount actually outstanding on date of valuation:

Description	Originally issued	Retirements and treasury holdings	Actually outstanding
Capital stock.....	\$43, 279, 500. 00	\$776, 900. 00	\$42, 502, 600. 00
Funded debt.....	107, 322, 796. 28	43, 697, 796. 28	63, 625, 000. 00
Total.....	150, 602, 296. 28	44, 474, 696. 28	106, 127, 600. 00

The foregoing statement includes \$400 held by or for the carrier and \$827,000 of funded debt matured carried on the balance sheet on date of valuation as funded debt matured unpaid. The carrier has deposited with the trustees cash for the retirement of the bonds, which had not been presented for redemption to date of valuation.

Capital stock.—The carrier issued and reacquired capital stock in exchange for the following considerations:

Consideration	Recorded value	Par value
Issued:		
Cash, premium \$2,561,369, discount \$3,817,410.....	\$36, 023, 445. 54	\$37, 284, 486. 54
Securities of other companies, premium \$1,448,500.....	2, 998, 000. 00	1, 549, 500. 00
Retirement of funded debt, premium \$13,500.....	135, 000. 00	121, 500. 00
Miscellaneous physical property.....	214, 000. 00	214, 000. 00
Payment of interest.....	19, 313. 46	19, 313. 46
Retirement of notes payable.....	30, 000. 00	30, 000. 00
Notes receivable.....	27, 500. 00	27, 500. 00
Total issued for considerations.....	39, 452, 259. 00	39, 246, 300. 00
Total issued to the treasury.....		1, 245, 300. 00
Total issued in payment of dividends, charged as follows: profit and loss \$2,787,900.....		2, 787, 900. 00
Total par value issued.....		43, 279, 500. 00
Reacquired and retired, cash (\$417,944.37 in excess of par value).....	1, 194, 443. 37	776, 500. 00
Outstanding.....		42, 503, 000. 00

The difference between par value of capital stock issued by the carrier and the considerations recorded as received in exchange therefor, being discount aggregating \$3,817,410 and premiums aggregating \$4,023,369, were charged and credited to profit and loss, respectively.

The difference between the reacquisition cost and the par value of capital stock reacquired by the carrier, being an amount of \$417,944.37, was adjusted by charging the profit and loss account with \$105,833.37 and sinking fund \$312,111.

In addition to the stock issued to the treasury, \$1,245,300, the carrier subsequently reacquired a par value of \$323,388 of its own capital stock, of which \$320,183 was acquired for \$279,273.40 cash, \$2,505 in exchange for a like amount of loans due, and \$700 representing unclaimed shares of stockholders appropriated by the carrier to its own use. Of the total par value of stock thus held in the treasury, \$1,568,688, the carrier retained a par value of \$400, which it carried at a book value of \$411 on date of valuation. The balance of \$1,568,288 was disposed of by the sale of a par value of \$1,285,108 for \$1,402,124.74 cash and the exchange of \$283,180 in retirement of a like

amount of funded debt. The premium of \$127,016.74 received in the sale of capital stock for cash was credited to the profit and loss account.

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

Title of security	Date of maturity	Actually outstanding
Assumed:		
The Adirondack Railway Company first-mortgage 50-year bonds.....	Mar. 1, 1942	\$1,000,000
Schenectady and Duanesburgh Railroad Company first-mortgage bonds..	Sept. 1, 1924	500,000
Issued:		
Debenture loan of 1894.....	Oct. 1, 1894	3,000
Convertible debenture bonds.....	June 15, 1906	820,000
First-lien equipment gold bonds.....	July 1, 1922	9,643,000
First and refunding gold bonds.....	May 1, 1943	32,204,000
Albany and Susquehanna first consolidated guaranteed bonds.....	Apr. 1, 1906	4,000
Five per cent 20-year convertible bonds.....	Jan. 15, 1935	14,451,000
First-mortgage bonds of 1877.....	Sept. 1, 1917	5,000,000
Total.....		63,625,000

The carrier issued, assumed, and reacquired funded debt in exchange for the following considerations:

Consideration	Par value	Recorded value
Issued:		
Cash, premium \$86,025, discount \$3,122,381.98.....	\$99,374,657.73	\$96,338,300.75
Acquisition of transportation property.....	1,500,000.00	1,500,000.00
Retirement of other funded debt.....	3,847,000.00	3,847,000.00
Securities of other companies.....	33,000.00	33,000.00
Payment of interest.....	1,138.55	1,138.55
To finance affiliated companies and charged to open account.....	990,000.00	990,000.00
Payment of current liabilities.....	77,000.00	77,000.00
Unascertainable.....	1,500,000.00	1,500,000.00
Total issued for considerations.....	107,322,796.28	104,286,439.30
Total par value issued.....	107,322,796.28	
Reacquired and retired:		
Cash for certain securities at \$173,836.84 less than par value and for others at \$40,658.87 in excess of par value.....	39,270,696.28	39,137,518.31
Other funded debt issued.....	3,847,000.00	3,847,000.00
Capital stock issued.....	135,000.00	135,000.00
Capital stock owned.....	268,100.00	268,100.00
Securities of other companies.....	114,000.00	114,000.00
Notes payable.....	63,000.00	63,000.00
Total required for considerations.....	43,697,796.28	43,564,618.31
Outstanding.....	63,625,000.00	

The difference between the par value of funded debt issued or assumed by the carrier and the consideration recorded as received in exchange therefor, being discounts aggregating \$3,122,381.98 and premiums aggregating \$86,025, together with expenses incurred in the amount of \$187,625.60 in the issuance of such securities, was distributed as follows:

Account	Premium credited	Discount charged	Expense charged
Income, interest.....	\$5,773.75	\$765.00	
Profit and loss.....	80,251.25	3,105,508.28	\$187,625.60
Total.....	86,025.00	3,106,273.28	187,625.60
Balance sheet account Discount on Funded Debt.....		16,108.70	
Total.....	86,025.00	3,122,381.98	187,625.60

The net difference between the par value and the reacquisition cost of funded debt reacquired by the carrier, being an amount of \$133,177.97, was adjusted as detailed below:

Account	Difference between par value and the cost of reacquirement, credited	Difference between the cost of reacquirement and the par value, charged
Income, interest.....	\$3,432.98	\$1,150.00
Profit and loss.....	170,403.86	39,508.87
Total.....	173,836.84	40,658.87

For a detailed statement of the individual capital securities issued or assumed by the carrier, the considerations received therefor, and the securities retired, reference is made to the accounting report hereinbefore mentioned.

Short-term notes.—In addition to the foregoing capital securities, the carrier at various times issued short-term notes for temporary financing, amounting in the aggregate to \$155,829,247.33, of which \$32,858,720.58 were renewals of notes due. Of the balance of \$122,940,526.79 a total of \$120,266,993.28 has been retired, leaving \$2,703,533.51 outstanding on date of valuation.

The considerations received and given in the issues and retirements were as follows:

Consideration	Issues	Retirement
Cash.....	\$107,718,179.78	\$120,065,950.21
Other securities.....	222,665.49	194,080.00
Miscellaneous physical property.....	1,523,746.90	-----
Working-fund advances.....	10,989,266.37	-----
Notes of the Albany and Susquehanna assumed.....	100,000.00	-----
Advances to the Northern Coal and Iron Company.....	43,707.36	-----
Advances to Erie Railroad Company.....	25,000.00	-----
Equipment for the Albany and Susquehanna.....	150,675.18	-----
Current liabilities.....	1,870,510.56	-----
Current assets.....	-----	487.92
Interest and interest adjustments.....	243,572.31	439.15
Commission.....	5,030.00	-----
Discount charged to profit and loss through interest.....	22,567.84	-----
Written off to profit and loss.....	-----	6,036.00
Outstanding notes March 1, 1842, transferred from banking-department ledger, not obtainable.....	55,605.00	-----
Total.....	122,970,526.79	120,266,993.28

The details of the notes outstanding on date of valuation follow:

For two notes at 4 per cent due the Quebec, Montreal and Southern Railway Company.....	\$203,533.51
For demand note with interest at 6 per cent due the Northern New York Development Company.....	500,000.00
For note at 3¼ per cent due Kuhn, Loeb & Company.....	1,000,000.00
For note at 3½ per cent due Farmers Loan and Trust Company..	1,000,000.00
Total.....	2,703,533.51
	116 I. C. C.

RESULT OF CORPORATE OPERATIONS

Income account.—The income account of the carrier for year ending on date of valuation and for the period October 29, 1829, to date of valuation, follows:

	Year	Period
Operating income		
Railway operating revenues.....	\$25,987,630.82	\$519,628,107.26
Railway operating expenses.....	16,444,356.05	344,672,779.13
Net revenue from railway operations.....	9,543,274.77	174,955,328.13
Railway tax accruals.....	681,591.95	6,538,930.88
Uncollectible railway revenues.....	2,192.60	2,680.57
Railway operating income.....	8,859,490.22	168,413,716.68
Revenues from miscellaneous operations.....	14,375,811.39	626,412,055.65
Expenses of miscellaneous operations.....	12,789,152.48	496,215,867.43
Net revenue from miscellaneous operations.....	1,586,658.91	130,196,188.22
Taxes on miscellaneous operating property.....	484,582.98	3,167,265.76
Miscellaneous operating income.....	1,102,075.93	127,028,922.46
Total operating income.....	9,961,566.15	295,442,639.14
Nonoperating income		
Hire of equipment.....	111,904.97	1,932,990.93
Joint-facility rent income.....	99,721.49	986,929.94
Income from lease of road.....	114,949.81	2,389,244.41
Miscellaneous rent income.....	136,990.13	1,450,970.46
Miscellaneous nonoperating physical property.....	27,461.72	1,530,011.80
Separately operated properties.....		258,983.21
Dividend income.....	293,162.24	13,391,948.37
Income from funded securities.....	182,832.00	2,579,241.71
Income from unfunded securities and accounts.....	604,911.49	13,881,124.85
Income from sinking and other reserve funds.....	157,510.57	556,502.68
Miscellaneous income.....	969.81	2,681,728.19
Total.....	1,730,414.23	41,639,676.55
Gross income.....	11,691,980.38	337,082,315.69
Deductions from gross income		
Hire of equipment.....	381,572.94	973,081.41
Joint-facility rents.....	236,535.38	3,055,986.03
Rent for leased roads.....	1,880,543.08	94,425,802.59
Miscellaneous rents.....	6,320.74	818,708.07
Miscellaneous tax accruals.....	31,813.40	10,022,272.64
Specially operated properties.....		264,270.35
Interest on funded debt.....	3,205,593.31	53,924,337.99
Interest on unfunded debt.....	97,720.60	7,405,592.95
Income transferred to other companies.....		187,470.32
Miscellaneous income charges.....	23,010.63	252,443.82
Total.....	5,863,110.08	171,329,966.17
Net income.....	5,828,870.30	165,752,349.52
Disposition of net income:		
Appropriations to sinking and other reserves.....		2,381,031.39
Miscellaneous appropriations.....	10,454.19	431,639.79
Total appropriations.....	10,454.19	2,812,671.18
Balance to credit of profit and loss.....	5,818,416.11	162,939,678.34

If certain delayed-income items in the profit and loss account were taken into the income statement for the period from 1829 to date of valuation, the income balance transferred to credit of profit and loss would be decreased to \$158,697,823.04. The net earnings for the period, if considered in the light of a return on the investment in road and equipment, will be found to have been overstated, for the reason that the earnings of the Northern Coal and

Iron Company subsequent to January 1, 1907, and of the Cooperstown and Charlotte Valley of 1891, subsequent to July 1, 1904, have been included in the earnings of the carrier without any deduction for rental of leased roads.

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

Credits:

Credit balance transferred from income.....		\$162,939,678.34
Profit on road and equipment sold.....		39,924.89
Delayed-income credits—		
Railway operating revenues.....	\$306,355.61	
Revenues from miscellaneous operations..	314,071.83	
Income from lease of road.....	56,439.01	
Miscellaneous rent income.....	3.81	
Miscellaneous nonoperating physical property.....	672,019.68	
Dividend income.....	176,650.19	
Income from funded securities.....	40,403.03	
Income from unfunded securities and accounts.....	112,807.63	
Income from sinking and other reserve funds.....	45,859.94	
Railway operating expenses.....	28,886.12	
Railway tax accruals.....	179,903.38	
Expenses of miscellaneous operations..._	51,631.92	
Rent for leased roads.....	29,680.00	
Miscellaneous rents.....	75,288.70	
Separately operated properties, loss....	33,151.62	
Interest on funded debt.....	1,177.50	
Interest on unfunded debt.....	68,706.48	
Income applied to sinking and other re- serve funds.....	42,905.54	
		2,235,941.99
Unrefundable overcharges.....		444.67
Donations.....		2,500.00
Miscellaneous credits—		
Adjustment and cancellation of balance sheet accounts.....	\$2,269,298.81	
Cancellation of wages and vouchers payable.....	17,873.93	
Excess of par value over amounts in retirement of funded debt.....	170,403.86	
Profit from sale of investment securi- ties.....	3,888,486.66	
Profit from sale of miscellaneous phys- ical property.....	470,258.61	
Adjustment to par of company's securi- ties reacquired.....	60,018.00	
Adjustment of book value of invest- ment securities.....	869,253.05	
Premium on capital stock issued.....	4,023,369.00	
Premium on funded debt issued.....	80,251.25	
Premium on stock reacquired and dis- posed of.....	98,113.67	

Credits—Continued

Miscellaneous credits—Continued

Collection of old accounts previously written off.....	\$1, 077, 318. 22	
Adjustment of book value of company's property.....	9, 793, 082. 68	
Transfer of sinking-fund reserves....	1, 261, 925. 00	
Sundry other items.....	319, 403. 97	
		<u>\$24, 399, 056. 71</u>
Total		<u>189, 617, 546. 60</u>

Debits:

Surplus applied to sinking and other reserve funds.....		674, 435. 64
Dividend appropriations of surplus—		
Capital stock issued as stock dividends	\$2, 787, 900. 00	
All other dividends.....	122, 011, 674. 54	
		<u>124, 799, 574. 54</u>
Stock discount extinguished through surplus.....		3, 817, 410. 00
Debt discount extinguished through surplus.....		3, 293, 133. 88
Miscellaneous appropriations of surplus.....		20, 000. 00
Loss on retired road and equipment—		
Estimated value of road abandoned....	\$270, 000. 00	
Other property retired.....	29, 800. 91	
		<u>299, 800. 91</u>
Delayed-income debits—		
Railway operating revenues.....	16, 444. 73	
Revenues from miscellaneous operations.....	93, 625. 07	
Miscellaneous rent income.....	1, 190. 57	
Miscellaneous nonoperating physical property.....	3, 185. 87	
Separately operated properties, profit...	131, 789. 35	
Income from unfunded securities and accounts	2, 843. 42	
Railway operating expenses.....	1, 722, 123. 36	
Railway tax accruals.....	470, 404. 78	
Expenses of miscellaneous operations...	2, 035, 055. 66	
Rents for leased roads.....	1, 560, 710. 01	
Miscellaneous rents.....	2, 609. 24	
Miscellaneous tax accruals.....	78, 897. 87	
Separately operated properties, loss...	450. 00	
Interest on funded debt.....	310, 364. 55	
Interest on unfunded debt.....	15, 250. 93	
Income transferred to other companies....	31, 185. 21	
Miscellaneous income charges.....	1, 666. 67	
		<u>6, 477, 797. 29</u>
Miscellaneous debits—		
Adjustment and cancellation of balance sheet accounts.....	6, 026, 676. 33	
Loss from sale of investment securities.....	238, 277. 65	
Loss from sale of miscellaneous physical property	193, 112. 07	

Debits—Continued.

Miscellaneous debits—Continued.

Excess of amount paid over par value of capital stock retired.....	\$105,833.37	
Excess of amount paid over par value of funded debt retired.....	39,508.87	
Adjustment of par of company's secu- rities reacquired.....	4,608.19	
Adjustment of book value of invest- ment securities.....	1,425,467.15	
Discount on stock reacquired and sold..	8,494.09	
Payment of old accounts previously charged off.....	288.69	
Adjustment of book value of com- pany's property.....	14,349,261.18	
Depreciation written off.....	8,384,239.12	
Sundry other items.....	934,032.25	
		\$31,709,798.96
Credit balance on date of valuation.....		18,525,595.38

Total 189,617,546.60

It will be noted that the credit balance is \$35,985.73 in excess of the profit and loss balance in the carrier's return to us for year ending on date of valuation. This difference represents the net profit from the operations of the fire-insurance fund to December 31, 1915, which was duly entered on the general books but not adjusted in the annual reports until December 31, 1918.

INVESTMENT IN ROAD AND EQUIPMENT

On date of valuation the road and equipment investment account of the carrier showed a balance of \$68,642,567.68, which had been established as follows:

Road acquired:

Money outlay, funded debt assumed, and book value of investment securities applied as the purchase price of the roadway property of predecessor companies.....	\$11,480,380.25
----------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------

Road constructed:

Money outlay.....	\$8,428,859.14
Securities owned.....	318,000.00
	8,746,859.14
Less estimated value of road abandoned and written off to profit and loss.....	270,000.00
	8,476,859.14

Additions and betterments:

Road—

Money outlay.....	10,713,581.92
Money outlay purporting to be for additions and betterments, charged this account by crediting a corre- sponding amount to general balance sheet account Additions to Prop- erty Through Income and Surplus..	6,839,487.37
	17,553,069.29
Less cash proceeds from sale of land..	12,902.68

17,540,166.61
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Additions and betterments—Continued

Equipment—

Money outlay.....	\$35, 457, 512. 16	
Less retirements—		
Recorded value of equipment written off	\$5, 251, 843. 36	
Cash proceeds from sale of equip- ment.....	106, 166. 12	
	<u>5, 358, 009. 48</u>	\$30, 099, 502. 68
		<u>67, 596, 908. 68</u>

Other items:

Debits.....	9, 534, 340. 92	
Credits.....	8, 488, 681. 92	
		<u>1, 045, 659. 00</u>
Total.....		<u>68, 642, 567. 68</u>

A description of the amounts in "other items" follows:

Other items:

Debits—

Improvements on leased railway prop- erty.....	\$10, 536, 831. 82	
Less amounts charged to profit and loss..	1, 129, 208. 63	
		<u>\$9, 457, 623. 19</u>

Expenditures purporting to be for miscellaneous physical property, as follows—

Dam to facilitate the transportation of coal from the mines to plant No. 1.....	8, 001. 17	
Coal-handling apparatus—breakers, crackers, wash- ers, screens, chutes, and engines.....	67, 257. 45	
Boarding house at Olyphant, Pa.....	1, 459. 11	
Total.....	<u>9, 534, 340. 92</u>	

Credits—

Expenditures for right of way for The New York and Canada Railroad Company, charged to profit and loss..	5, 287. 81	
Depreciation of equipment, charged to profit and loss..	7, 708, 010. 40	
Depreciation of equipment, charged to operating ex- penses.....	444, 502. 09	
Reduction in book value of equipment.....	40, 200. 00	
Depreciation on railroad buildings, charged to operating expenses.....	4, 173. 26	
Reduction of book value of road through profit and loss..	285, 058. 36	
Donation from Center Village, N. Y., toward the cost of constructing a station at that point.....	1, 450. 00	
Total.....	<u>8, 488, 681. 92</u>	
Net debit.....		<u>1, 045, 659. 00</u>

If certain adjustments were made in accordance with our present account-
ing rules, the balance in the road and equipment investment account would
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be decreased to \$67,596,908.68, made up of the following classes of expenditures:

	Recorded money outlay	Funded debt assumed	Securities owned, canceled
The Adirondack Railway Company.....		\$1,000,000	
Schenectady and Duaneburgh Railroad Company.....		500,000	
The New York and Canada Railroad Company.....			\$9,001,400
The Cherry Valley, Sharon and Albany Railroad Company.....			589,100
Greenwich and Johnsonville (part of).....	\$389,880.25		
	389,880.25	1,500,000	9,590,500
The carrier.....	56,068,528.43		318,000
Total.....	56,458,408.68	1,500,000	9,908,500
Less deductions not assignable specifically to any one or more of the above-mentioned outlays, estimated value of road abandoned and written off to profit and loss.....			270,000

The carrier charged to its road and equipment investment account \$9,001,400 as the cost of acquiring the property of the New York and Canada Railroad Company. This amount consisted of \$9,000,000 par value of the common and preferred stock of that company, which the carrier had previously acquired for the consideration hereinafter mentioned, and was carrying at a book value of \$9,001,400.

Recorded consideration	Recorded value of consideration given	Par value acquired
Common stock:		
Cash.....	\$16,790	\$17,700
Advances.....	2,872,700	3,247,700
Properties acquired and transferred.....	380,050	497,400
Securities of other companies.....	81,000	163,000
Character of considerations unknown.....	74,200	74,200
Preferred stock, advances.....	5,000,000	5,000,000
Total.....	8,424,740	9,060,000

The carrier also charged to its road and equipment investment account \$589,100 as the cost of acquiring the property of the Cherry Valley, Sharon and Albany Railroad Company. This amount consisted of a like amount of that company's capital stock and funded debt, which the carrier had previously acquired for the following considerations:

Recorded considerations	Recorded value of considerations given	Par value acquired
Capital stock:		
Securities of other companies.....	\$25,000.00	\$288,900.00
Cash.....	5,000.00	
Character of consideration unknown.....	200.00	200.00
Funded debt:		
Cash.....	83,350.00	101,070.00
Securities of other companies.....	174,062.50	198,920.00
Total.....	267,612.50	589,100.00

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property owned and used by the carrier can not be determined from the obtainable records. The carrier acquired 90.058 miles of road by construction, 10.200 miles by purchase, and approximately 242 miles by merger of the property of other companies. Of the latter there are no accounting or other records of the costs of 151 miles of road originally built by the predecessor companies. For the remaining mileage, and for additions and betterments made by the carrier to the entire mileage, the data on the outlay for creating and improving the property, exclusive of equipment, are as follows:

Road:	
Recorded money outlay-----	\$34,272,986.01
Investment securities-----	318,000.00
Less whatever part of the above is represented by road abandoned and written off to profit and loss at an estimated cost of-----	270,000.00
Equipment, recorded money outlay, verified cost of 20,279 units of equipment out of 20,295 units returned by the carrier_	25,540,964.00

The constituent parts of the gross outlays for road, listed according to the companies under which they were made, are as follows:

Carrier:	
Recorded money outlay-----	\$26,191,951.20
Investment securities exchanged at book value-----	318,000.00
Less road abandoned and written off to profit and loss at an estimated cost of-----	270,000.00
Equipment, recorded money outlay, verified cost of 20,279 units of equipment out of 20,295 units returned by the carrier-----	25,540,964.00
The Adirondack Railway Company, recorded money outlay---	215,787.08
Schenectady & Duanesburgh Railroad Company, recorded money outlay-----	166,954.80
The New York & Canada Railroad Company, recorded money outlay-----	7,698,292.93

In addition to the above, the published reports of certain regulation bodies of the State of New York show the following outlay for road constructed by predecessor companies, for which there are no accounting records:

Adirondack Company-----	\$2,619,412.53
The Lake Ontario & Hudson River Railroad Company-----	3,420,899.35
The Schenectady & Susquehanna Rail Road Company-----	600,000.00
The Plattsburgh & Montreal Rail Road Company-----	441,129.56
The Cherry Valley, Sharon & Albany Railroad Company-----	589,100.00

The foregoing outlays may include the cost of lands classified as noncarrier and as partly carrier and partly noncarrier. They may also include an indeterminate amount representing that part of the cost of property abandoned, sold, or destroyed, in excess of the credits made to the account for salvage, proceeds from sale, and loss from such property.

Cost of lands.—The carrier reports the original cost of all lands owned, including both carrier and noncarrier, as \$5,991,808.23. In verifying the
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carrier's returns a net deduction of \$263,185.64 was made as not properly constituting land costs. The resulting balance of \$5,728,622.59, made up in part of costs supported by accounting records and in part of substantial deed considerations and other amounts, which the carrier claims to represent costs but which are not supported by accounting records, may be classified as follows:

Classification	Costs supported by accounting records	Amounts not supported by accounting records
Carrier lands, owned and used:		
In New York.....	\$2,378,493.23	\$221,006.62
In Pennsylvania.....	668,098.91	17,110.63
In Vermont.....	4,037.80	2,110.00
Total.....	3,050,649.94	240,227.25
Owned but not used, leased to New York, Ontario and Western Railway Company in New York.....	11,700.00	
Jointly owned and used with the Rensselaer and Saratoga, in New York.....	1.75	16,000.00
Rights in the public domain, owned and used, in New York.....	825.00	25.00
Rights in private lands, owned and used:		
In New York.....	3,100.00	1,100.00
In Pennsylvania.....	2,775.00	
Total.....	5,875.00	1,100.00
Attendant costs not assignable as between the foregoing rights in public domain and rights in private lands:		
In New York.....	11,567.25	1,825.00
In Pennsylvania.....	2,070.63	
Total.....	13,637.88	1,825.00
Noncarrier lands owned:		
In New York.....	870,434.69	14,265.76
In Pennsylvania.....	33,050.15	1,000.00
In Michigan.....		96.00
In Illinois.....	1,273.99	3,700.00
In New Jersey.....	656,794.83	
Total.....	1,561,553.69	19,865.76
Lands classified as partly carrier and partly noncarrier:		
In New York.....	609,453.94	16,393.94
In Pennsylvania.....	179,438.44	
Total.....	788,942.38	16,393.94

Cost of equipment.—The carrier reports 20,295 units of equipment, 452 units of roadway machines, and certain machinery as owned and used on date of valuation and as costing \$32,152,926.26. A check of the carrier's return indicates that the following changes should be made:

Description	Units	Amount
Deductions:		
Steam locomotives excluded, not in serviceable condition.....	15	\$149,699.00
Freight-train cars excluded, not in serviceable condition.....	1	1,093.00
Shop machinery, error in carrier's return.....		2,896.50
Total.....	16	153,568.50
Additions, freight-train cars, error in carrier's return.....		56,000.00
Total.....		56,000.00
Net total deductions.....	16	97,568.50

After making the above adjustments, the carrier's return is summarized as follows:

Classification	Units	Costs supported by accounting records	Amounts not supported by accounting records
Equipment:			
Steam locomotives.....	472	\$7,669,235.00	\$836,290.00
Freight-train cars.....	18,838	15,801,501.00	3,160,510.00
Passenger-train cars.....	462	1,581,530.00	847,316.00
Motor equipment of cars.....	1	25,217.00	292.00
Work equipment.....	506	463,481.00	349,755.00
Total.....	20,279	25,540,964.00	4,994,073.00
Machinery:			
Roadway machines.....	452	6,994.00	43,478.00
Other expenditures, road.....		8,823.21	1,689.31
Shop machinery.....		772,514.17	440,418.23
Power-plant machinery.....		178,186.84	68,302.00
Total.....	452	966,433.22	553,887.54

There is included in the above statement one unit of motor equipment of cars with \$25,217 in costs as supported by accounting records, and \$202 of costs estimated by the carrier, which is included in the inventory as owned but not used, for the reason that this unit is leased to and used exclusively by Carolina, Clinchfield and Ohio Railway.

IMPROVEMENTS ON LEASED RAILWAY PROPERTY

The carrier has recorded expenditures aggregating \$19,506.01 for improvements to its leased railway property, covering money outlay on property of the Chateaugay and Lake Placid. In addition, its accounts record other amounts purporting to cover improvements on leased railway property which were charged as follows:

	To investment in road and equipment	To profit and loss
Albany and Susquehanna.....	\$3,423,882.54	\$47,686.39
Rensselaer and Saratoga.....	1,894,170.21	1,073,658.30
Rome and Clinton Railroad Company and The Utica, Clinton and Birmingham Railroad Company.....		100,970.87
Northern Coal and Iron Company.....	3,898,388.35	
Union Railroad extension.....	241,152.09	2,863.94
Total.....	9,457,623.19	1,230,179.50

The amount charged to improvements on the railroad of the Northern Coal and Iron Company is the exact amount shown on the general balance sheet of the latter, on date of valuation, as representing its investment in road and equipment. The amount expended on the Union Railroad extension was made during the time this extension was a part of the property of the Baltimore Coal and Union Railroad Company, which subsequently was merged with the Northern Coal and Iron Company.

MISCELLANEOUS PHYSICAL PROPERTY

The balance in the miscellaneous physical property account of the carrier on date of valuation was \$10,280,864.44, the greater part of which is representative of its coal-mining activities as indicated in the following summarization:

Coal-mining department:

Coal lands and real estate.....	\$6,645,026.39	
Other.....	1,694,582.73	
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Other miscellaneous physical property:

Ore lands -----	\$58, 238. 89
Real estate at—	
Weehawken, N. J. -----	1, 605, 270. 50
Buffalo, N. Y. -----	240, 629. 59
Utica, N. Y. -----	28, 612. 60
Chicago, Ill. -----	4, 973. 99
Battle Creek, Mich. -----	900. 00
Other -----	2, 629. 75
	\$1, 941, 255. 32
Total -----	10, 280, 864. 44

We have classified certain lands reported by the carrier as used for non-carrier and for partly carrier and partly noncarrier purposes, and it is not known to what extent the above charges apply to these lands.

INVESTMENTS IN OTHER COMPANIES

The carrier's recorded investments in the securities of other companies on date of valuation are as follows:

Investment	Affiliated companies	Other companies	Total
Stocks -----	\$23, 504, 733. 57	\$1, 414, 410. 30	\$24, 919, 143. 87
Bonds -----	920, 900. 00	4, 213, 455. 11	5, 134, 355. 11
Miscellaneous -----		716. 08	716. 08
Advances -----	19, 374, 444. 50	73, 052. 78	19, 447, 497. 28
Total -----	43, 800, 078. 07	5, 701, 634. 27	49, 501, 712. 34

Securities	Par value	Book value
<i>Stocks, unpledged</i>		
Affiliated companies, carrier:		
Chateaugay and Lake Placid, preferred -----	\$3, 000, 000	\$3, 000, 000. 00
Chateaugay and Lake Placid, common -----	75, 000	1. 00
Northern Coal and Iron Company -----	1, 500, 000	1, 500, 000. 00
The Cooperstown and Charlotte Valley of 1891 -----	45, 000	1. 00
Albany and Susquehanna -----	283, 300	9, 948. 50
Greenwich and Johnsonville -----	225, 000	225, 000. 00
Napierville Junction Railway Company -----	600, 000	566, 709. 39
The Quebec, Montreal and Southern Railway Company -----	1, 000, 000	1. 00
Schoharie Valley Railway Company -----	100, 000	75, 000. 00
Wilkes-Barre Connecting -----	91, 300	91, 300. 00
Plattsburgh Traction Company -----	100, 000	27, 460. 16
Schenectady Railway Company -----	2, 050, 000	2, 050, 000. 00
Troy and New England Railway Company -----	179, 980	44, 717. 52
United Traction Company -----	12, 499, 600	12, 499, 600. 00
Total -----	21, 734, 180	20, 089, 729. 57
Affiliated companies, noncarrier:		
The Chateaugay Ore and Iron Company, first preferred -----	360, 800	1. 00
The Chateaugay Ore and Iron Company, second preferred -----	319, 850	1. 00
The Chateaugay Ore and Iron Company, common -----	1, 250, 000	1. 00
The Hudson Coal Company -----	3, 500, 000	3, 400, 001. 00
Kingston Realty Company -----	5, 000	5, 000. 00
The Northern New York Development Company -----	10, 000	10, 000. 00
Total -----	5, 445, 650	3, 415, 004. 00
Nonaffiliated companies, carrier:		
Albany and Susquehanna -----	450, 000	450, 000. 00
Rensselaer and Saratoga -----	800, 000	800, 000. 00
Ticonderoga Railroad -----	3, 400	3, 864. 02
The Champlain Transportation Company -----	52, 050	83, 911. 11
The New Jersey and New York Railroad Company -----	10, 800	1. 00
Rome and Clinton Railroad Company -----	14, 100	21, 162. 50
Total -----	1, 330, 350	1, 358, 938. 63

Securities	Par value	Book value
<i>Stocks, unpledged—continued</i>		
Nonaffiliated companies, noncarrier:		
Scranton Textile Company.....	\$150.00	\$1.00
United States Hotel Company.....	27,703.00	1.00
The Bluff Point Land Improvement Company.....	222,300.00	55,466.67
Scranton Pump Company.....	91.20	1.00
Laurel Run Turnpike Company.....	1,500.00	1.00
Bangor Union Slate Company.....	7,100.00	1.00
Total.....	258,844.20	55,471.67
Grand total.....	28,769,024.20	24,919,143.87
<i>Bonds, unpledged</i>		
Affiliated companies, carrier:		
Glens Falls, Sandy Hill & Fort Edward Rail Road Company.....	100,000.00	100,000.00
Glens Falls, Sandy Hill & Fort Edward Rail Road Company.....	50,000.00	50,000.00
Plattsburgh Traction Company.....	24,000.00	24,000.00
Stillwater & Mechanicsville Street Railway Company.....	202,500.00	202,500.00
Stillwater & Mechanicsville Street Railway Company.....	47,500.00	47,500.00
Troy and New England Railway Company.....	160,000.00	160,000.00
Total.....	584,000.00	584,000.00
Affiliated companies, noncarrier, The Chateaugay Ore and Iron Company.		
	336,900.00	336,900.00
Nonaffiliated companies, carrier:		
Albany and Susquehanna.....	3,556,000.00	1,345,000.00
The Champlain Transportation Company.....	250,000.00	130,833.33
The Lake George Steamboat Company.....	20,000.00	20,000.00
Total.....	3,826,000.00	3,605,833.33
Nonaffiliated companies, noncarrier:		
The Fort William Henry Hotel Company.....	45,000.00	40,000.00
The Fort William Henry Hotel Company.....	272,000.00	272,000.00
The Bluff Point Land Improvement Company.....	28,000.00	27,346.78
The Bluff Point Land Improvement Company.....	250,000.00	250,000.00
Carbondale Gas Company.....	8,000.00	8,000.00
City of New York, corporate stock.....	10,000.00	10,275.00
Total.....	613,000.00	607,621.78
Grand total.....	5,359,900.00	5,134,355.11
<i>Miscellaneous</i>		
Bonds and mortgages on real estate.....	716.08	716.08
<i>Advances</i>		
Affiliated companies, carrier:		
Northern Coal and Iron Company.....		856,712.42
Cooperstown and Charlotte Valley of 1891.....		41,367.01
The Quebec, Montreal and Southern Railway Company.....		6,464,030.48
Greenwich and Johnsonville.....		117,360.23
Napierville Junction Railway Company.....		6,200.00
Schoharie Valley Railway Company.....		13,975.17
United Traction Company.....		792,277.03
Troy and New England Railway Company.....		50,331.54
Plattsburgh Traction Company.....		44,222.79
Hudson Valley Railway Company.....		1,672,322.84
Wilkes-Barre Connecting.....		1,134,828.55
Total.....		11,164,118.06
Affiliated companies, noncarrier:		
The Chateaugay Ore and Iron Company.....		1,848,500.00
The Northern New York Development Company.....		644,565.91
Shanferoke Coal Company.....		3,328,738.28
Schuykill Coal and Iron Company.....		2,358,522.25
Total.....		8,180,326.44
Nonaffiliated companies, carrier:		
Ticonderoga Railroad.....		49,057.35
The Troy Union Rail Road Company.....		23,935.43
Total.....		73,052.78
Grand total.....		19,447,497.28
Total investment in other companies.....		49,501,712.34

¹\$3,000,000 pledged.

LEASED RAILWAY PROPERTY

The following statement gives the details of property leased from and to other companies, together with the terms of the use and the amount of rental accrued for year ending on date of valuation:

Description and terms of lease	Mileage	Rental accrued
<i>Property of others leased to the carrier</i>		
Albany and Susquehanna:		
Albany to Binghamton, N. Y.	142.441	-----
Leased in perpetuity from February 24, 1870, annual rental, 9 per cent on capital stock, interest on funded debt, and \$1,000 for organization expenses.		\$786,750
Rensselaer and Saratoga:		
Waterford Junction to Ballston Spa, N. Y.	19.950	-----
Green Island to Waterford Junction, N. Y.	5.800	-----
Watervliet to Troy, N. Y.	1.650	-----
Saratoga Springs to Lake Station, N. Y.	40.950	-----
Fort Edward to Lake George, N. Y.	14.569	-----
Whitehall to State Line, N. Y.	6.500	-----
Eagle Bridge to State Line, N. Y.	32.400	-----
State Line to Castleton, Vt.	22.741	-----
Castleton to Rutland, Vt.	10.230	-----
Total	153.704	-----
Leased in perpetuity from May 1, 1871, annual rental, 8 per cent on capital stock, interest on funded debt, and \$1,000 for organization expenses.		941,000
Albany and Vermont:		
Albany to Waterford Junction, N. Y.	12.273	-----
Leased in perpetuity from June 12, 1860, to the Rensselaer and Saratoga and assigned to the carrier June 15, 1871, annual rental \$20,000.		20,000
Saratoga and Schenectady:		
Schenectady to Saratoga Springs, N. Y.	20.806	-----
Leased for 15 years from January 1, 1851, to the Rensselaer and Saratoga, in perpetuity from July 1, 1860, to the same company, and assigned to the carrier June 15, 1871, annual rental.		31,750
Rutland and Whitehall:		
New York-Vermont State line to Castleton, Vt.	6.833	-----
Leased in perpetuity from February 1, 1870, to the Rensselaer and Saratoga, and assigned to the carrier June 5, 1871, annual rental, 6 per cent on capital stock and \$150 for organization expenses.		15,492
Northern Coal and Iron Company:		
Green Ridge to Wilkes-Barre, and branch lines in Pennsylvania.	29.234	-----
Leased in perpetuity from December 1, 1873, annual rental, interest on funded debt, and retires the same at maturity; maintains and operates the property, pays all taxes, and includes the results of operations in its own income account, rent for year ended on date of valuation not stated.		-----
Ticonderoga Railroad:		
Ticonderoga to Ticonderoga Junction, N. Y. ....	.587	-----
Leased to the carrier from date opened for operation for term of corporate existence under agreement dated August 13, 1890; the carrier maintains, manages, and operates the property and is permitted to retain 25 per cent of the gross earnings; pays all taxes, interest on funded debt, appropriations not to exceed \$1,000 per annum to establish a sinking fund to retire the funded debt, etc., and dividends on the stock not to exceed 5 per cent.		4,849.31
Chateaugay and Lake Placid:		
Lake Placid to Dannemora, N. Y.	63.485	-----
Leased for 500 years from January 1, 1903. Annual rental, 4 per cent on preferred stock, interest on funded debt.		126,741.13
Plattsburgh and Dannemora:		
Dannemora to Bluff Point, N. Y.	16.336	-----
Leased for 100 years from July 1, 1879, to the Chateaugay Railroad Company and assigned to the carrier on January 1, 1903, annual rental, free transportation of officers and supplies for the State prison at Dannemora, and the payment of \$1 yearly.		-----
<i>Property of others leased to the carrier and subleased to others</i>		
Rome and Clinton Railroad Company, ¹ Clinton to Rome, N. Y.	12.834	-----
The Utica, Clinton and Binghamton Railroad Company: ¹		
Randallsville to Utica, N. Y.	31.269	-----
The properties of Rome and Clinton Railroad Company and The Utica, Clinton and Binghamton Railroad Company are leased in perpetuity from May 26, 1886, annual rental, \$83,875; subleased to New York, Ontario and Western Railway Company for 35 years from June 1, 1886, at an annual rental of \$75,000 to April 30, 1933; thereafter 20 per cent of the gross earnings—		
Payable		83,875.00
Receivable		64,721.97

¹The accounting reports of these two lessor companies have been made a part of the report on New York, Ontario and Western Railway Company.

Trackage rights.—In addition to the property leased or operated as agent, the carrier is granted the use of the property of other companies, and grants the use of its property to other companies, as follows :

	Between—	Miles
<i>Grantor</i>		
Boston and Maine Railroad.....	Troy and Eagle Bridge, N. Y.....	22.04
	Mechanicville and Eagle Bridge, N. Y.....	19.43
	Crescent and Coons, N. Y.....	6.80
	Coons and West End Mechanicville, N. Y.....	1.90
The Central Railroad Company of New Jersey.....	Hudson and Union Junction, Pa.....	1.34
Erie Railroad Company.....	Carbondale and Jefferson Junction, Pa.....	35.01
	Binghamton and Owego, N. Y.....	22.00
Lehigh Valley Railroad Company.....	South Wilkes-Barre and Wilkes-Barre, Pa.....	1.62
The Troy Union Rail Road Company.....	In city of Troy, N. Y.....	2.03
Wilkes-Barre Connecting.....	Buttunwood and Hudson, Pa.....	5.04
Total.....		117.21
<i>Grantee</i>		
Boston and Maine Railroad.....	Albany and Troy, N. Y.....	8.00
	Mechanicville and West End, N. Y.....	.98
	Crescent and Coons, N. Y.....	6.80
The Central Railroad Company of New Jersey.....	Plymouth Junction and South Wilkes-Barre, Pa.....	1.62
Clarendon & Pittsford Railroad Company.....	At West Rutland, Vt.....	2.67
The Delaware, Lackawanna & Western Railroad Company.....	Vine Street, Scranton, and Marvin Colliery Pa.....	1.63
Erie Railroad Company.....	Avoca and Carbondale, Pa.....	24.08
The Grand Trunk Railway Company of Canada.....	Moers Junction and New York-Canada line, N. Y.....	2.60
The Lehigh Coal and Navigation Company, lessee.....	Hudson and Union Junction, Pa.....	1.34
The Central Railroad Company of New Jersey, lessee.....	Union Junction and Minooka Junction, Pa.....	9.61
Lehigh Valley Railroad Company.....	Avoca and Moosic, Pa.....	2.30
Napierville Junction Railway Company.....	Rouses Point and New York-Canada line, N. Y.....	1.10
The New York Central Railroad Company.....	Kenwood Junction and Colonie, N. Y.....	6.00
	Lake Placid and Saranac Lake, N. Y.....	10.08
Wilkes-Barre Connecting.....	Buttunwood and connection with Plymouth branch, Pa.....	1.57
Total.....		80.38

Predecessors of the Carrier

THE ADIRONDACK RAILWAY COMPANY

INTRODUCTORY

At its demise The Adirondack Railway Company owned and operated a single-track standard-gauge railroad, extending from a connection with the railroad of the carrier at Saratoga Springs in a northerly direction to North Creek, N. Y., about 57.307 miles.

CORPORATE HISTORY

The Adirondack Railway Company was incorporated July 7, 1882, under the general laws of New York, and is a reorganization of the Adirondack Company. The property of the latter was sold under foreclosure proceedings and conveyed to William W. Durant, William Sutphen, and others on October 21, 1881, and conveyed by them to The Adirondack Railway Company on November 24, 1882. On November 5, 1902, the property of The Adirondack Railway Company was merged with that of the carrier.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The property acquired by The Adirondack Railway Company consisted of the lands that had been acquired by the Adirondack Company from the State 116 I. C. C.

of New York, and a railroad that was constructed during the years 1865 to 1871. The Adirondack Railway Company was relieved from an obligation to construct its railroad beyond North Creek, by a certificate of the Board of Railroad Commissioners of New York, dated May 9, 1882.

HISTORY OF CORPORATE FINANCING

The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount of each outstanding on November 5, 1902, the date of demise:

Description	Originally issued	Retirements	Outstanding
Capital stock.....	\$2,600,000.00	-----	\$2,600,000
Funded debt.....	2,561,637.75	\$1,561,637.75	1,000,000
Total.....	5,161,637.75	1,561,637.75	3,600,000

Capital stock.—The authorized capital stock was \$4,000,000, divided into shares of \$100 each. Of this amount, \$2,600,000 was issued at par to the bondholders and stockholders of the Adirondack Company in the acquisition of the property of that company, in accordance with the agreement of reorganization dated April 30, 1880.

Funded debt.—The Adirondack Railway Company assumed two issues of funded debt, both of which were retired, and issued one series of funded debt that was outstanding on the date of demise:

(a) Prior-mortgage account, assumed and retired, \$75,000. The details of this issue were not obtainable. It was assumed by the Adirondack Railway Company as a part consideration for the property of the Adirondack Company, and was apparently a first lien given to the trustees for the bondholders and creditors of the Adirondack Company. It was retired January 7, 1889, by the exchange of the same amount of cash.

(b) Trustees certificates, 30-year 6 per cent, dated April 30, 1880, assumed and retired, \$1,486,637.75. These certificates were authorized not to exceed \$1,500,000 under the reorganization agreement of the stockholders, bondholders, and creditors of the Adirondack Company, dated April 30, 1880. Under the plan proposed by the agreement the trustees were authorized to issue their certificates to the stockholders, bondholders, and creditors of the Adirondack Company upon the surrender of their stocks, bonds, and claims in the following manner:

The trustees agreed to issue their certificates to the bondholders of the Adirondack Company in the proportion of \$100 of certificates for each \$200 of the bonds surrendered. Of the certificates so issued, 50 per cent were redeemable in second-mortgage bonds and 50 per cent in capital stock of the Adirondack Railway Company at par. The trustees agreed to issue their certificates to the stockholders of the Adirondack Company in the proportion of \$100 of certificates for each \$1,000 of the stock surrendered. Such certificates were redeemable in the capital stock of The Adirondack Railway Company at par. The trustees agreed to issue their certificates to the creditors of the Adirondack Company in the proportion of \$100 of certificates for each \$200 of claims surrendered. Of the certificates so issued, 50 per cent were redeemable in second-mortgage bonds and 50 per cent in capital stock of The Adirondack Railway Company at par.

A total of \$1,486,637.75 of certificates were issued in the manner indicated, the liability for which was assumed by The Adirondack Railway Company as part cost of acquiring the property of the Adirondack Company. Of this amount a par value of \$1,479,033.08 was retired during the years 1889 to 1896 with \$739,516.49 cash advanced by the carrier. The profit of \$739,516.95 accruing to The Adirondack Railway Company in this connection was credited to the latter's profit and loss account. At June 30, 1902, the balance of \$7,604.67 outstanding in this account was canceled by a further credit of a like amount to profit and loss.

(c) First-mortgage 4½ per cent 50-year gold bonds, dated March 1, 1892, issued and outstanding, \$1,000,000. A total amount of \$2,000,000 was authorized for the purpose of retiring the trust certificates and other obligations of The Adirondack Railway Company. Under authority of the stockholders, \$1,000,000 of these bonds were delivered to the carrier and sold by them for \$987,500 cash. The latter was reimbursed from these proceeds for the \$739,516.59 previously advanced to retire trustees' certificates and the balance turned over to The Adirondack Railway Company. The latter charged its profit and loss account with the \$12,500 of discount incurred in the sale of its bonds. In addition to the discount mentioned above, there were other expenses amounting to \$1,050 for engraving bonds which was charged to income.

Notes payable.—In addition to the foregoing securities, The Adirondack Railway Company issued short-term notes for temporary financing to the amount of \$301,214.66, of which \$127,437.19 were renewals of notes due. The considerations received for the balance were \$123,077.47 cash and \$50,000 for construction of property. The total amount of \$301,214.66 outstanding was subsequently retired with a like amount of cash.

RESULT OF CORPORATE OPERATION

Income account.—The income account of The Adirondack Railway Company for the period November 24, 1882, to June 30, 1902, is stated as follows:

Operating income:	
Railway operating revenues	\$3, 200, 252. 78
Railway operating expenses	2, 377, 967. 19
Net revenue from railway operations	822, 285. 59
Railway tax accruals	115, 775. 55
Railway operating income	706, 510. 04
Nonoperating income:	
Hire of equipment	\$4, 783. 75
Miscellaneous rent income	3, 234. 73
Income from unfunded securities and accounts	39, 500. 97
Miscellaneous income	5, 519. 34
Total	53, 038. 79
Gross income	759, 548. 83
Deductions from gross income:	
Interest on funded debt	493, 063. 86
Income balance transferred to credit of profit and loss	266, 484. 97

Profit and loss account.—The profit and loss account of the The Adirondack Railway Company follows:

Credits:

Net income transferred from income account.....		\$266, 484. 97
Miscellaneous credits—		
Balance transferred from trustees.....	\$5, 953. 87	
Cancellation of balance sheet accounts....	23, 876. 61	
Excess of par over amount paid in the retirement of trust certificates.....	739, 516. 59	
Trustees' certificates written off.....	7, 604. 67	
		<u>776, 954. 74</u>
Debit balance at June 30, 1902.....		439, 425. 11
Total.....		<u><u>1, 482, 864. 82</u></u>

Debits, miscellaneous debits:

Uncollectible accounts.....	\$160. 98	
Cancellation of balance sheet accounts.....	19, 020. 66	
Expenditures for rails.....	14, 614. 30	
Debt discount extinguished through surplus..	12, 500. 00	
Investments in securities written off.....	4, 200. 00	
Depreciation of equipment.....	92, 372. 42	
Depreciation of shops and supplies.....	1, 601. 26	
Excess of equity in lands over cash proceeds from the sale of such lands.....	1, 338, 395. 20	
Total.....		<u>1, 482, 864. 82</u>

INVESTMENT IN ROAD AND EQUIPMENT

On date of demise, the road and equipment investment account of The Adirondack Railway Company carried a balance of \$2,835,199.61, which had been established as follows:

Road acquired, Adirondack Company:

Capital stock issued.....		\$2, 600, 000. 00
Funded debt assumed—		
Trustees' certificates.....	\$1, 486, 637. 75	
Prior mortgage account.....	75, 000. 00	
		<u>1, 561, 637. 75</u>
Total.....		4, 161, 637. 75
Additions and betterments, money outlay.....		223, 006. 47
Total.....		<u>4, 384, 644. 22</u>
Less—		
Proceeds from sales of land.....	\$145, 250. 00	
Proceeds from sales of old rails.....	7, 219. 39	
Excess of equity in so-called "wild lands" over proceeds from sale written off to profit and loss.....	1, 338, 395. 20	
Value ascribed to equipment acquired with the property of the Adirondack Company and transferred to the Rensselaer and Saratoga upon merger of The Adirondack Railway Company with the carrier.....	58, 580. 02	
		<u>1, 549, 444. 61</u>
Net investment in road and equipment.....		2, 835, 199. 61
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This balance would comprise the following classes of elements :

Money outlay-----	\$223, 006. 47
Outlay in securities :	
Capital stock issued, par value-----	2, 600, 000.00
Funded debt assumed, par value-----	1, 561, 637. 75
Less—	
Cash proceeds from sales of land and materials-----	152, 469. 39
Deductions not assignable specifically to any one or more of the classes of outlay stated above-----	1, 396, 975. 22

ORIGINAL COST TO DATE

The original cost to date of demise of the common-carrier property owned by The Adirondack Railway Company can not be ascertained, owing to the absence of the accounting records of its predecessors and those of the contractors who constructed the original road. The Adirondack Railway Company constructed no road but made certain additions and betterments to the property acquired from its predecessors.

Certain published reports of the State of New York, hereinafter referred to, show that the earliest predecessor, The Lake Ontario and Hudson River Railroad Company, had an investment in road and equipment of \$3,675,858.67, which included \$76,639.32 of discount on sale of bonds. The balance of \$3,599,219.35 was divided, \$3,420,899.35 to road and \$178,320 to equipment. The records indicate that only a part of the grading for the road as projected had been completed prior to the demise of the company.

A successor company, The Adirondac Estate and Railroad Company, in the published reports referred to, had an investment in road and equipment of \$283,593.62, but it could not be determined whether this was additional to the reported expenditure of the predecessor company or not. This company did some additional grading but added nothing to the physical property obtained from its predecessor.

The next succeeding corporation, the Adirondack Company, constructed the 57.307 miles of road that was eventually merged with the carrier, at a cost, as shown in the published reports, of \$2,728,692.55. It could not be determined if this amount included any portion of the expenditures reported for the two predecessor companies. The Adirondack Railway Company made certain additions and betterments to the completed road amounting to \$215,787.08, which have been classified as follows :

Engineering-----	\$6, 630. 76
Land and land damages-----	23, 177. 17
Grading-----	58, 054. 34
Bridges, trestles, and culverts-----	61, 240. 71
Ties-----	3, 348. 30
Rails-----	24, 209. 35
Other track material-----	10, 248. 92
Fencing right of way-----	243. 74
Station buildings and fixtures-----	1, 301. 85
Shops, engine houses, and turntables-----	27, 712. 65
Water and fuel stations-----	3, 615. 20
Not classified-----	3, 223. 48

Total-----	223, 006. 47
Less proceeds from the sale of old rails-----	7, 219. 39

Net additions and betterments----- 215, 787. 08

In addition to the above the accounting records show an expenditure of \$14,614.30 for rails that was charged to profit and loss. It could not be determined whether this was additional to the above outlay or represented renewals.

The Adirondack Railway Company acquired with the property of the Adirondack Company many acres of so-called "wild lands" in Essex, Franklin, Herkimer, Hamilton, and Warren Counties, which it originally included in its investment in road and equipment. These lands were disposed of in 1887 and 1889 for \$145,250 cash, and the balance of \$1,338,395.20 was written off to profit and loss.

ADIRONDACK COMPANY, PREDECESSOR OF THE ADIRONDACK RAILWAY COMPANY

INTRODUCTORY

There are no obtainable records of the Adirondack Company, and the information here submitted has been taken from the laws of New York, the sworn reports rendered by it and published in the "State Engineers' Reports on Railroads," the accounting records of its successor company, The Adirondack Railway Company, and from the returns on corporate history made by the carrier.

The property of the Adirondack Company was operated from completion to December 15, 1874, by its own organization and by several receivers; from December 15, 1874, to October 21, 1881, by Thomas C. Durant, receiver; and from October 21, 1881, to November 24, 1882, by Thomas C. Durant, as agent. The details of these operations are not of record. The Adirondack Company passed through many financial troubles, resulting in the placing of its affairs in the hands of receivers; and, under judgment of foreclosure against it dated June 28, 1881, foreclosing the mortgage of July 1, 1872, given to the New York State Loan and Trust Company, the franchise and property were sold to William Sutphen and W. W. Durant. The property was conveyed to them by a deed dated October 21, 1881, and they in turn conveyed it to The Adirondack Railway Company by a deed dated November 24, 1882.

CORPORATE HISTORY

The Adirondack Company was a New York corporation organized by the purchasers of the property and franchises of The Adirondac Estate and Railroad Company, and was incorporated October 24, 1863, under the general laws of New York and under various special acts augmenting its rights and privileges. The articles of association were filed October 24, 1863, and were amended March 1, 1871. Under the articles of association and amendments, the corporation was to continue for 1,000 years, and had for its purposes the acquisition of the property of The Adirondac Estate and Railroad Company, the completion, operation, maintenance, and extension of the railroad projected by that company, and to develop its lands and market their native products.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The line of road projected by the company was to extend from Ogdensburg, on the St. Lawrence River, to Saratoga Springs, N. Y., and from a connection with this line to Ausable Forks, N. Y., a total distance of about 185 miles. At November 11, 1863, the Adirondack Company acquired all of the property of The Adirondac Estate and Railroad Company, consisting of

a right of way on which some grading had been done and about 525,000 acres of land. At its demise on November 24, 1882, it owned a standard-gauge single-track railroad extending from Saratoga Springs to North Creek, N. Y., about 57.307 miles, which had been constructed as follows:

Termini	Date opened	Miles
Saratoga Springs to Greenfield.....	1865	5.680
Greenfield to Wolf Creek.....	1866	18.756
Wolf Creek to Thurman.....	1869	10.556
Thurman to near Riverside.....	1870	14.556
Near Riverside to North Creek.....	1871	7.759
Total.....		57.307

HISTORY OF CORPORATE FINANCING

The obtainable records indicate that the Adirondack Company was authorized to issue \$5,000,000 of capital stock, which was subsequently increased to \$10,000,000 by special act of March 31, 1865. This stock was divided into shares of \$100 each. It is not of record what part of the authorized stock was issued and retired and the amount outstanding on November 24, 1882. There was also authorized funded debt amounting to \$6,000,000, covered by a mortgage on the entire property given to The New York State Loan and Trust Company. This amount consisted of Adirondack Company gold bonds dated July 1, 1872, and payable July 1, 1902, with interest at 7 per cent. The purpose of this issue was to secure funds for completing the road. It is not of record what amount of these bonds were issued, retired, and outstanding on November 24, 1882. The records of its successor company, The Adirondack Railroad Company, state that there was authorized \$1,500,000 of trustees' certificates, of which there were issued for unknown considerations \$1,486,637.75 that were subsequently assumed by The Adirondack Railroad Company. The same records also show \$75,000 of "prior mortgages" which were assumed by The Adirondack Railroad Company.

AIDS, GIFTS, GRANTS, AND DONATIONS

The Adirondack Company was authorized by various special acts "to purchase, take, and hold lands to the amount of 1,000,000 acres," all of which was exempt from taxation until September 12, 1883, provided the company completed and placed in operation 25 miles of its road by December 1, 1864; 35 additional miles of its road by December 1, 1866; and 25 additional miles of its road by December 1, 1868. In the event these sections were not completed, the State of New York by special act of April 27, 1863, required The Adirondack Company to deposit with the comptroller of the State \$20,000 in New York or United States bonds to be held as security for the payment of taxes on the lands from 1863 to 1868, inclusive. It is not of record how many acres of land of the so-called wilderness were acquired.

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property owned and used by the Adirondack Company on November 24, 1882, can not be ascertained owing to the absence of accounting records. The only obtainable information pertaining to the cost of the road and equipment of the Adirondack Company at November 24, 1882, is that contained in the State engineers'

reports on railroads for the year September 30, 1874. These reports show the cost of completed road and equipment (60 miles) as \$2,728,692.55, and classify this amount as follows:

Graduation and masonry-----	\$1,603,629.22
Bridges-----	100,751.50
Superstructures, including iron-----	659,233.58
Passenger and freight stations, buildings, and fixtures-----	18,597.20
Engine and car houses, machine shops, machinery, and fixtures--	2,930.06
Land, land damages, and fences-----	111,995.10
Locomotives, fixtures, and snowplows-----	45,923.03
Passenger and baggage cars-----	17,581.09
Freight and other cars-----	45,775.90
Engineering and agencies-----	122,275.87
Total-----	<u>2,728,692.55</u>

This record contains a further statement that additional expenditures of \$384,822.19 were incurred in advance of the completed portion of the road for engineering, land and land damages, graduation, and masonry.

MISCELLANEOUS PHYSICAL PROPERTY

The Adirondack Company had investments in miscellaneous physical property consisting of lands acquired from The Adirondac Estate and Railroad Company, and those it had subsequently acquired on its account. Of the first group the records state that there were 525,000 acres. The State of New York by special act granted the company the right to acquire 1,000,000 additional acres, but the records do not state what quantity of lands the company held at its demise.

THE ADIRONDAC ESTATE AND RAILROAD COMPANY, PREDECESSOR OF THE ADIRONDACK COMPANY

INTRODUCTORY

There are no accounting or other records of The Adirondac Estate and Railroad Company and the information here submitted was taken partly from the laws of New York pertaining to the company, partly from the corporate history of the carrier, and partly from the State engineers' reports on railroads.

CORPORATE HISTORY

The Adirondac Estate and Railroad Company was a New York corporation organized by the bondholders of The Lake Ontario and Hudson River Railroad Company to take over the property formerly owned by that company. It was incorporated under the general laws of New York, and under special acts of February 18, 1860, March 13, 1861, and March 29, 1862. Its articles of association were filed August 11, 1860. The special acts referred to and its articles of incorporation gave it the additional rights "to convert and prepare for market the native products of the forest, and to mine and prepare for market the iron ores upon the lands owned by them, and to transport, sell, and dispose of the same"; also to construct a railroad from Ogdensburg, N. Y., on the St. Lawrence River, to a connection with its road in Essex County, and other branch lines, making in all about 300 miles of railroad.

Although incorporated February 18, 1860, The Adirondac Estate and Railroad Company did not come into possession of the property of its predecessor, The
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Lake Ontario and Hudson River Railroad Company, until August 13, 1860, when it acquired an undivided three-fifths interest, and on September 26, 1860, when it acquired the remaining two-fifths interest. The Adirondac Estate and Railroad Company retained possession of its property until June 9, 1862, when it passed into possession of a receiver due to inability to meet its obligations. The property was held by several receivers and was finally sold by order of the court and conveyed to Albert N. Cheney on December 16, 1862. Cheney reconveyed the property by deeds dated December 26, 1862, and November 11, 1863, to purchasers who incorporated it as the Adirondac Company.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

During the life of The Adirondac Estate and Railroad Company no construction was undertaken except some grading, nothing being added to the physical property of its predecessor, so that there was conveyed to its successor the identical property that it had acquired. At November 11, 1863, the railroad property of The Adirondac Estate and Railroad Company consisted of that which it had acquired from The Lake Ontario and Hudson River Railroad Company and the additional rights given to it by its articles of incorporation to construct a railroad from Ogdensburg to a connection with its line in Essex County, N. Y., and other branch lines. In addition to the railroad property, however, it has acquired the residue of lands in Warren, Hamilton, Herkimer, Franklin, Essex, and Lewis Counties, a portion of which The Lake Ontario and Hudson River Railroad Company had previously acquired through preemption rights granted to it by the State of New York.

HISTORY OF CORPORATE FINANCING

The articles of association authorized The Adirondac Estate and Railroad Company to issue capital stock not to exceed \$15,000,000, divided into shares of \$100 each. The obtainable records do not disclose the amount of capital stock issued or the amount outstanding on date of demise. No mention is made of the capital stock and funded debt of the predecessor company, The Lake Ontario and Hudson River Railroad Company, nor to the issue, assumption, or retirement of any funded debt by The Adirondac Estate and Railroad Company. Judgments were secured against The Adirondac Estate and Railroad Company by Albert N. Cheney for \$90,579.94, and by Hezron A. Johnson for \$10,656.80, in February, 1862, for moneys advanced. The failure to pay these obligations and the court costs resulted in the appointment of the receiver.

AIDS, GIFTS, GRANTS, AND DONATIONS

The obtainable records state that The Lake Ontario and Hudson River Railroad Company was granted preemption rights of selecting and purchasing 250,000 acres of land from the State of New York at 5 cents per acre. The residue of these lands was acquired by The Adirondac Estate and Railroad Company, and by the terms of the act the lands were exempt from taxes until September 12, 1879. This matter is more fully discussed in the report of The Lake Ontario and Hudson River Railroad Company.

RESULT OF CORPORATE OPERATIONS

The Adirondac Estate and Railroad Company did not complete its projected railroad prior to date of demise, which precludes a statement of its income and profit and loss accounts.

INVESTMENT IN ROAD AND EQUIPMENT

The obtainable records do not show the investment in road and equipment.

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property owned by the Adirondac Estate and Railroad Company on date of demise can not be ascertained owing to the absence of accounting records. The last published report of The Adirondac Estate and Railroad Company, for September 30, 1861, states that the cost of road and equipment was \$283,593.62, consisting of—

Land, land damages, and fences.....	\$270, 000. 00
Engineering and agencies.....	13, 593. 62
Total	283, 593. 62

A report to the State engineer of New York, made by its predecessor, The Lake Ontario and Hudson River Railroad Company, for the year 1858, shows an investment in road, exclusive of discount on bonds issued, of \$3,420,899.35. It could not be determined whether this amount includes the \$283,593.62 above referred to, or whether the later amount is additional thereto.

MISCELLANEOUS PHYSICAL PROPERTY

At its demise The Adirondac Estate and Railroad Company owned the lands it had acquired under preemption rights, but the records list no investment in miscellaneous physical property.

THE LAKE ONTARIO AND HUDSON RIVER RAILROAD COMPANY, PREDECESSOR OF
THE ADIRONDAC ESTATE AND RAILROAD COMPANY

INTRODUCTORY

There are no obtainable records of The Lake Ontario and Hudson River Railroad Company, and the information here submitted was taken from the laws of New York, the State engineers' reports on railroads, and from the returns of the carrier on corporate history.

CORPORATE HISTORY

The Lake Ontario and Hudson River Railroad Company was a New York corporation, incorporated as Sackets Harbor and Saratoga Railroad Company, under a special act of New York, April 10, 1848, for the purpose of constructing, operating, and maintaining a railroad from Sackets Harbor, on Lake Ontario, to a connection with the Saratoga "in the town of Milton, or in the town of Saratoga Springs, N. Y.," a distance of about 182 miles. The original act of incorporation was amended by a special act of March 29, 1851, extending to the company the provisions of the General Railroad Law of 1850, and was further augmented by special act of April 15, 1853. The name was changed to that first mentioned by a special act dated April 6, 1857, and the line originally projected was extended from its southern terminus "to tidewater at, in, or near Troy or Albany, N. Y." The Lake Ontario and Hudson River Railroad Company defaulted in its interest obligations, and on February 23, 1860, its property and franchises were sold under foreclosure proceedings to Alrick Hubbell and others, who in turn reconveyed the property and franchises to The Adirondac Estate and Railroad Company.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

At its demise the property of The Lake Ontario and Hudson River Railroad Company consisted of a projected railroad from Sackets Harbor to Albany or Troy, N. Y., a distance of about 182 miles. The obtainable records indicate that construction of the road was begun in 1852, but that only part of the grading had been done prior to the sale of the property.

HISTORY OF CORPORATE FINANCING

Capital stock.—The articles of association authorized the issue of capital stock of \$2,500,000, divided into shares of \$100 each, but this amount was subsequently increased to \$6,000,000. There are no records to show the amount of capital stock issued and outstanding on date of demise. The last report of The Lake Ontario and Hudson River Railroad Company, published in the State Engineers' Report on Railroads for the year 1858, states that the amount of capital stock subscribed was \$5,461,100, of which there had been paid in cash \$555,186.

Funded debt.—The funded debt of The Lake Ontario and Hudson River Railroad Company was \$4,000,000, consisting of 7 per cent bonds issued September 12, 1854, payable August 1, 1879. These bonds were secured, not only by the property of the company used for its purposes as a common carrier but also by lands which had been acquired from the State of New York. The obtainable records show that there were issued \$970,000 par value of these bonds for unknown considerations at a discount of \$76,639.32, and that during the year 1855 there was retired \$100,000 par value, being part of the amount paid on a contract for iron which was canceled.

AIDS, GIFTS, GRANTS, AND DONATIONS

Under the special act by which The Lake Ontario and Hudson River Railroad Company was incorporated, it acquired preemption rights of selecting and purchasing 250,000 acres of State lands in the counties of Herkimer and Hamilton at 5 cents per acre, contingent upon the sum of construction expenditures made east of Carthage, N. Y., and under a special act, passed March 13, 1857, "all the land acquired on existing contracts, or existing preemption rights, not used for carrier purposes, shall be free and exempt from all taxation until September 12, 1879." The last obtainable report of The Lake Ontario and Hudson River Railroad Company to the State of New York states that it had paid to the State for land granted to it the sum of \$7,000.

RESULT OF CORPORATE OPERATIONS

The railroad of The Lake Ontario and Hudson River Railroad Company had not been completed prior to its demise, which precludes a statement of its income and profit and loss accounts.

INVESTMENT IN ROAD AND EQUIPMENT

The report to the State engineer of New York for the year 1858 states the investment in road and equipment as \$3,675,858.67. A statement of the expenditures, as classified in its report to the State engineer, is shown below:

Engineering and agencies.....	\$208,490.47
Land, land damages, and fences.....	59,377.06
Graduation and masonry.....	2,231,930.46
Superstructure, including iron.....	533,580.00
Bridges.....	181,869.55

Passenger and freight stations, buildings and fixtures, engine and car houses, machine shops, machinery, and fixtures-----	\$51,570.00
Locomotives and fixtures and snowplows-----	64,460.00
Freight and other cars-----	87,000.00
Passenger and baggage cars-----	26,860.00
Interest-----	154,081.81
Discount on bonds-----	76,639.32
Total-----	3,675,858.67

If the discount on the bonds, \$76,639.32, be eliminated, the balance in the report of expenditures would be decreased to \$3,599,219.35.

ORIGINAL COST TO DATE

The original cost, either of each piece of property or of the property as a whole, owned by The Lake Ontario and Hudson River Railroad Company and used for its purposes as a common carrier at February 23, 1860, could not be ascertained, owing to the absence of its accounting records and those of the contractors who constructed its original road. In its sworn report to the railroad commission of New York for September 30, 1858, the cost of the road, exclusive of equipment, is shown as \$3,420,899.35.

MISCELLANEOUS PHYSICAL PROPERTY

At its demise The Lake Ontario and Hudson River Railroad Company owned the lands acquired under preemption rights, as hereinbefore stated, but the records list no investments in miscellaneous physical property.

SCHENECTADY AND DUANESBURGH RAILROAD COMPANY, PREDECESSOR OF THE CARRIER

INTRODUCTORY

There are no obtainable accounting records of the Schenectady and Duanesburgh Railroad Company, and the information here submitted was taken from the minute book, the laws of New York, the sworn reports of the company rendered to the State of New York, and from the returns of the carrier on corporate history.

CORPORATE HISTORY

The Schenectady and Duanesburgh Railroad Company was incorporated July 10, 1873, under the general laws of New York, and is a reorganization of The Schenectady & Susquehanna Rail Road Company. The latter having defaulted in the payment of the principal and interest of its bonds of 1872, the property was sold under foreclosure to Daniel D. Campbell, who in turn reconveyed it to the Schenectady and Duanesburgh Railroad Company by deed dated July 12, 1875. The articles of association provided the Schenectady and Duanesburgh Railroad Company with an existence of 50 years, which was terminated by merger of its property with that of the carrier August 4, 1903, under a certificate of merger of that date.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

At August 4, 1903, the date of demise, the Schenectady and Duanesburgh Railroad Company owned about 14.189 miles of single-track standard-gauge railroad, extending from a connection with the Saratoga and Schenectady at Schenectady to Delanson, a connection with the Albany and Susquehanna.

The entire road is located in Schenectady County, N. Y., and is the same road constructed by the Albany and Susquehanna and acquired by the Schenectady and Duanesburgh Railroad Company at the time of reorganization.

HISTORY OF CORPORATE FINANCING

The obtainable records indicate that the Schenectady and Duanesburgh Railroad Company had issued a total of \$950,900 in stocks and in bonds. Of this amount, \$600,900 was outstanding on date of demise. Of the securities outstanding, \$100,900 were in capital stock and \$500,000 in mortgage bonds.

Capital stock.—The authorized capital stock was \$300,000, divided into shares of \$100 each and classed as common stock. Of this amount, \$100,900 was issued to Daniel D. Campbell and others, as part consideration for the property of the Albany and Susquehanna, and this amount was outstanding at date of demise.

Funded debt.—There were two issues of funded debt, as follows: 20 year 7 per cent bonds of 1870, \$350,000; first-mortgage bonds of 1874, \$500,000.

Twenty-year 7 per cent mortgage bonds, dated March 1, 1870, amounting to 350,000, were issued by the Albany and Susquehanna in 1870 and were payable in 1890. In the reorganization of that company the Schenectady and Duanesburgh Railroad Company assumed these bonds as part consideration for the property. They were retired in 1874 by the issue of \$385,000 of the first-mortgage bonds of the Schenectady and Duanesburgh Railroad Company.

First-mortgage 50-year 6 per cent bonds, dated September 1, 1874, amounting to \$500,000, were issued by the Schenectady and Duanesburgh Railroad Company for refunding and general purposes and are payable September 1, 1924, and the interest was guaranteed by the carrier. There was issued \$385,000 par value, at a discount of \$35,000, in the retirement of the bonds of the Albany and Susquehanna assumed by the Schenectady and Duanesburgh Railroad Company in the acquisition of the property of that company. The rate of exchange was on the basis of \$1.100 of the bonds of this issue in retirement of each \$1,000 of the bonds of the Albany and Susquehanna. The remaining \$115,000 was issued in part payment for the property acquired from the Albany and Susquehanna, the details of which are not of record. On date of demise, all of the bonds were outstanding.

Advances.—The carrier operated the property of the Schenectady and Duanesburgh Railroad Company from July 12, 1873, to date of demise, and during this period made cash advances for improvements amounting to \$179,546.08, which was charged to this company in open account. During the same period there was credited to this account \$12,591.28, leaving a balance on date of demise, of \$166,954.80.

RESULTS OF CORPORATE OPERATIONS

The Schenectady and Duanesburgh Railroad Company never operated its property. It was operated by the carrier from July 12, 1873, to June 30, 1874, under an agreement dated July 25, 1872, and from June 30, 1874, to April 28, 1899, under an agreement dated June 30, 1874. The latter agreement was assigned to the carrier and was effective from April 28, 1899, to August 4, 1903. The first lease provided that the lessee pay as rental a proportion of the earnings, while the last lease provided that the lessee pay as rental the interest on the first-mortgage bonds of the Schenectady and Duanesburgh Railroad Company, which were not to exceed \$500,000. Due to the absence of details in the

records, it is not possible to submit a statement of the income and profit and loss accounts.

INVESTMENT IN ROAD AND EQUIPMENT

THE SCHENECTADY & SUSQUEHANNA RAIL ROAD COMPANY, PREDECESSOR OF
The investment in road, including land, on date of demise, is shown by the obtainable records to have been \$767,854.80, made up as follows:

Road acquired, the company:

Par value of capital stock issued.....	\$100,900.00
Par value of funded debt assumed.....	350,000.00
Par value of funded debt issued.....	115,000.00
Additions and betterments, recorded cash expenditures made by the lessee for road.....	166,954.80
Other items, not in accord with our present accounting rules, discount on funded debt issued.....	35,000.00
Total	767,854.80

If the debit of \$35,000 in "other items" be eliminated, the balance in the road and equipment investment account would be decreased to \$732,854.80, comprising the following outlays:

Recorded money outlay.....	\$166,954.80
Capital stock issued.....	100,900.00
Funded debt assumed.....	350,000.00
Funded debt issued.....	115,000.00

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property owned or used by the Schenectady and Duanesburgh Railroad Company on date of demise, can not be definitely ascertained owing to the absence of the accounting records of the Albany and Susquehanna and those of the contractor who constructed the original road of that company. The railroad of the Schenectady and Duanesburgh Railroad Company was the identical road constructed by the Albany and Susquehanna, so if there be added the outlays made by the lessee for additions and betterments to those reported as the outlays for the property in the report on the Albany and Susquehanna, the combined outlay will be as follows: Made by the Albany and Susquehanna, securities, \$600,000; made by the lessee, cash, \$166,954.80.

LEASED RAILWAY PROPERTY

The property of the Schenectady and Duanesburgh Railroad Company was leased from July 12, 1873, to June 30, 1874, and from June 30, 1874, to April 28, 1899, to the carrier. The last lease was assigned to the carrier and continued in effect until August 4, 1903. The obtainable records are meager in details of the rental received by the Schenectady and Duanesburgh Railroad Company for its property. Under the first lease it received a proportion of the revenues, and under the last lease the lessee paid the interest on its first-mortgage bonds not to exceed \$500,000.

THE SCHENECTADY & SUSQUEHANNA RAIL ROAD COMPANY, PREDECESSOR OF
THE SCHENECTADY AND DUANESBURGH RAILROAD COMPANY

INTRODUCTORY

There are no obtainable accounting records of The Schenectady & Susquehanna Rail Road Company and the information here submitted was taken from the articles of association, the laws of New York, the sworn reports of The Schenectady & Susquehanna Rail Road Company rendered to the State engineer of New York, and from the returns of the carrier on corporate history.

CORPORATE HISTORY

The Schenectady & Susquehanna Rail Road Company, a New York corporation, was incorporated under the general laws of that State on December 27, 1869, for the purpose of constructing, maintaining, and operating a railroad from Schenectady to Delanson, N. Y., and connecting with the Albany and Susquehanna at Delanson and the Saratoga at Schenectady. The property was sold under a judgment of foreclosure dated May 27, 1873, and was conveyed to Daniel D. Campbell by deed dated July 10, 1873.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

On July 10, 1873, The Schenectady & Susquehanna Rail Road Company owned a single-track standard-gauge railroad, extending from Schenectady to Delanson, N. Y., about 14.189 miles. About 3 miles of the railroad were constructed in 1871 under unknown conditions. Construction was suspended in February 1871 and resumed in September 1871. The entire road was completed and placed in operation about August 19, 1872.

HISTORY OF CORPORATE FINANCING

The obtainable records indicate that The Schenectady & Susquehanna Rail Road Company issued capital obligations amounting to \$600,000, consisting of \$200,000 capital stock and \$400,000 funded debt, all of which was outstanding on July 10, 1873.

Capital stock.—The authorized capital stock of The Schenectady & Susquehanna Rail Road Company was \$225,000, divided into shares of \$100 each and classed as common stock. Of this amount, \$200,000 had been issued and was outstanding on July 10, 1873. Due to the absence of details in the records, it is not possible to state the considerations received for the stock issued.

Funded debt.—There were two issues of funded debt, as follows: 20-year 7 per cent mortgage bonds of 1870, \$350,000; 1-year 7 per cent mortgage bonds of 1872, \$50,000; total, \$400,000.

Twenty-year 7 per cent mortgage bonds, dated May 1, 1870, amounting to \$350,000, were issued and were outstanding on July 10, 1873. The records do not indicate the purpose for which they were issued. They were payable in 20 years from May 1, 1870, with interest at 7 per cent. Due to the absence of details in the records, it is not possible to give a statement concerning the considerations received for the issues.

One-year 7 per cent mortgage bonds, dated May 1, 1872, amounting to \$50,000, were issued and were outstanding on July 10, 1873. They were apparently issued to secure funds for temporary financing, as they were payable one year from date of issue. There are no records from which it is possible to make a statement concerning the consideration received for the issues.

Advances.—The carrier operated the railroad of The Schenectady & Susquehanna Rail Road Company from completion to July 10, 1873, and during this period made cash expenditures amounting to \$11,170.48 for supplies, labor, real estate, etc., which was charged to The Schenectady & Susquehanna Rail Road Company in open account. There was credited to this account during the same period \$8,129.58 for rents due The Schenectady & Susquehanna Rail Road Company, leaving a balance due the carrier of \$3,040.90. This balance appears on the books of the carrier, but was not taken into account by The Schenectady & Susquehanna Rail Road Company.

RESULT OF CORPORATE OPERATIONS

The Schenectady & Susquehanna Rail Road Company never operated its property. From its completion to July 10, 1873, it was operated by the carrier, under agreement dated July 25, 1872. Under the terms of this agreement, the lessee was to pay 40 per cent of the gross revenue. The records of the lessee list \$8,129.58 as rents credited to The Schenectady & Susquehanna Rail Road Company from August, 1872, to July 10, 1873, and this amount was applied against the expenditures made by the lessee for account of The Schenectady & Susquehanna Rail Road Company. There are no records from which a statement of the income and profit and loss can be presented. A default in the payment of the principal and interest of The Schenectady & Susquehanna Rail Road Company's one-year 7 per cent mortgage bonds of 1872 resulted in the judgment and foreclosure May 27, 1873, under which its property was finally transferred at July 10, 1873.

INVESTMENT IN ROAD AND EQUIPMENT

The Schenectady & Susquehanna Rail Road Company owned no equipment. The investment in the road, including land, on July 10, 1873, is shown by the obtainable records to have been \$600,000, made up as follows:

Road construction:

Par value of capital stock issued.....	\$200,000
Par value of funded debt issued.....	400,000
Total	600,000

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property owned and used by The Schenectady & Susquehanna Rail Road Company at July 10, 1873, can not be definitely ascertained owing to the absence of the accounting records of The Schenectady & Susquehanna Rail Road Company and those of the contractor who constructed its original road. The only information pertaining to the cost of this property to July 10, 1873, is contained in the preceding paragraph relating to the investment in road.

THE NEW YORK AND CANADA RAILROAD COMPANY, PREDECESSOR OF THE CARRIER

INTRODUCTORY

The New York and Canada Railroad Company maintained accounting records for the period March 15, 1873, to December 31, 1874, only, and the greater part of the information submitted herewith has been taken from the laws of New York, the return on corporate history, and the accounting records of the carrier.

CORPORATE HISTORY

The New York and Canada Railroad Company was incorporated under the general laws of New York and by a special act of April 15, 1873, and is a consolidation of The Montreal and Plattsburgh Rail Road Company, the Whitehall and Plattsburgh Rail Road Company, and The New York and Canada Railroad Company of 1872, under an agreement dated February 25, 1873, filed with the secretary of state on April 8, and made effective by the special act of April 15, 1873. The incorporators of The New York and Canada Railroad Company were identified with the interests of the carrier, and their purpose was to form by consolidation and construction a through line of railroad from Whitehall to Rouses Point, N. Y., and there to connect with The Grand Trunk Railway Company. The corporate existence of The New York and Canada Railroad Company ceased at May 23, 1908, when its property was merged and consolidated with that of the carrier.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

At its demise The New York and Canada Railroad Company owned about 149.169 miles of single-track standard-gauge railroad located in the State of New York. The main line extended from Lake Station, near Whitehall, to the New York-Canada line, about 112.749 miles, with the three branch lines as follows:

	Miles
Baldwin branch, Montcalm Landing to Baldwin.....	about 4.77
Ausable branch, Ausable Forks to South Junction.....	about 18.87
Mooers branch, Canada Junction to New York-Canada line.....	about 12.78

The road owned by The New York and Canada Railroad Company was acquired as follows:

	Date acquired	Mileage
By merger:		
The Montreal and Plattsburgh Rail Road Company--	Apr. 15, 1873	23.000
Plattsburgh to Canada Junction.....		
Canada Junction to New York-Canada line.....		
The Whitehall and Plattsburgh Rail Road Company--	Apr. 15, 1873	15.000
Fort Ticonderoga to Port Henry.....		
Ausable River, near Ausable Forks, to South Junction.....	Apr. 15, 1873	21.000
By construction:		
Lake Station to Fort Ticonderoga.....	1873	90.169
Port Henry to South Junction.....	1875	
Montcalm Landing to Baldwin.....	1875	
Canada Junction to Rouses Point.....	1876	
Ausable River to Ausable Forks.....	1894	
Rouses Point to New York-Canada line.....	1906	
Total.....		149.169

The branch road from Ausable River, near Ausable Forks, to South Junction was a part of the original road of The Whitehall and Plattsburgh Rail Road Company, which was acquired April 15, 1873, by the New York and Canada Railroad Company. It was extended from Ausable River to Ausable Forks, a distance of about 1.18 miles by the line of the carrier in 1894, at a cost of \$10,327.14.

The property owned by The New York and Canada Railroad Company, other than that acquired through the merger of April 15, 1873, was constructed for it by the carrier under an agreement dated March 26, 1872, amended March 11, 1874, and February 20, 1878. This agreement provided that the lessee

would construct and equip the additional railroad required and receive as consideration the bonds of the lessor company at 90 and capital stock at 75. It further provided that upon completion the road would be leased to the carrier in perpetuity. The additional road was constructed under contracts between the carrier and independent contractors and was opened for operation from Lake Station, Whitehall, to Rouses Point, December 1, 1875, by using about 12 miles of the railroad of The Ogdensburgh and Lake Champlain Rail Road Company between Mooers Junction and Rouses Point. The line from Canada Junction, or Chazy, to Rouses Point, about 13 miles, was completed and placed in operation about July 1, 1876, and the extension from Ausable River to Ausable Forks was completed and placed in operation in 1894. In 1906 the carrier extended the line from Rouses Point to the New York-Canada line, about 1.10 miles.

HISTORY OF CORPORATE FINANCING

The financial transactions of The New York and Canada Railroad Company were conducted for it by the carrier, either directly or through its agents, and the accounting records of the latter reflect these transactions. The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount of each outstanding on date of demise:

Description	Originally issued	Retirements	Outstanding
Capital stock.....	\$9,000,000.00		\$9,000,000
Funded debt.....	5,000,000.00	\$5,000,000.00	
Nonnegotiable debt to affiliated companies.....	14,508,018.07	14,508,018.07	
Total.....	28,508,018.07	19,508,018.07	9,000,000

The par value of securities issued and the recorded considerations received therefor follow:

Considerations	Recorded value received	Par value issued
Cash.....	\$6,195,985.49	\$6,195,985.49
Construction or property.....	8,732,582.58	8,849,932.58
Advances by lessee.....	12,472,700.00	13,247,700.00
Exchanged for town bonds.....	165,000.00	165,000.00
Not ascertainable.....	49,400.00	49,400.00
Total.....	27,615,668.07	28,508,018.07

The difference of \$892,350 between the par value issued and the recorded amount of considerations received consists of discount on capital stock, \$482,350; discount on first-mortgage sterling bonds, \$400,000; total, \$892,350. The discount on capital stock consists of two items, as follows:

Discount on \$469,400 par value of capital stock issued at 75 in the acquisition of the properties of the Montreal and The Whitehall and Plattsburgh Rail Road Company.....	\$107,350
Discount on \$1,500,000 par value of capital stock that was issued to the carrier at 75 in part settlement of advances, as per agreement of March 26, 1872.....	375,000
Total.....	482,350

The \$400,000 was the discount on \$4,000,000 par value of first-mortgage sterling bonds issued by The New York and Canada Railroad Company at 116 I. C. C.

90 in part settlement of advances as per agreement of March 26, 1872. The obtainable records of The New York and Canada Railroad Company and the carrier do not state what disposition was made of these discount items. Securities of a par value of \$19,508,018.07 were retired, and the recorded considerations given were as follows:

Considerations	Recorded value paid	Par value retired
Cash.....	\$11,789,737.31	\$11,870,318.07
Exchanged for capital stock.....	2,872,700.00	2,872,700.00
Exchanged for funded debt.....	4,600,000.00	4,600,000.00
Exchanged for town bonds.....	165,000.00	165,000.00
Total.....	19,427,437.31	19,508,018.07

The difference of \$80,580.76 between the par value retired and the recorded value paid consists of the difference between the par value of the first-mortgage sterling bonds, originally set up at the rate of exchange of \$5 for each pound sterling, and the cash given by the carrier to the English bankers in the retirement of the bonds at maturity at a lesser rate of exchange, as hereinafter described. The records do not indicate what disposition was made of this difference.

Capital stock.—The entire amount of common stock authorized, \$4,000,000, was issued, at a discount of \$492,350, for total considerations of \$3,507,650. The character of the considerations received were:

Cash in the issue of stock at par.....	\$36,700
Advances for which a par value of \$3,247,700 was issued.....	2,872,700
Property for which a par value of \$501,200 was issued.....	383,850
Bonds of various townships.....	165,000
Unascertainable.....	49,400
Total.....	3,507,650

Preferred stock amounting to \$5,000,000 was authorized. This stock was preferred both as to principal and as to dividends, which were noncumulative at 5 per cent. The entire amount was issued to reimburse the carrier for cash advances.

Funded debt.—First-mortgage 30-year 6 per cent sterling bonds, dated May 1, 1874, amounting to 800,000 pounds sterling, were issued by The New York and Canada Railroad Company for the purpose of securing funds to complete its railroad. The bonds were delivered to the carrier at 90, at the exchange rate of \$5 for each pound sterling, making the cash proceeds received \$3,600,000, as hereinbefore described. The carrier sold the bonds through Baring Brothers & Company, Limited, of London, England. They were retired at maturity with cash amounting to \$3,899,095. In addition, \$19,496 was paid the English bankers as commission and \$828.24 on the exchange purchased, making the entire expense for retiring the bonds \$3,919,419.24. The disposition in the accounts of the \$80,580.76 difference between the par value retired and the recorded value paid could not be ascertained.

Debenture eight-year 4½ per cent bonds, dated May 1, 1896, due May 1, 1904, amounting to \$1,000,000, were issued to the carrier in part payment of cash advances and were retired at maturity with a like amount of cash.

Nonnegotiable debt.—Nonnegotiable debt to affiliated companies was incurred by the receipt of cash advances from the carrier for construction and other purposes, amounting to \$14,508,018.07. This amount was subsequently retired with \$6,870,318.07 cash and \$7,637,700 of securities issued.

Increase or decrease of securities in any reorganization.—The consolidation of several predecessors to form the New York and Canada Railroad Company resulted in a decrease in capital liabilities the exact amount of which it is not possible to state, due to the absence of accounting records. The obtainable records indicate that both The Montreal and Plattsburgh Rail Road Company and The Whitehall and Plattsburgh Rail Road Company had issues of funded debt outstanding at demise that were not considered in the agreement of consolidation. The New York and Canada Railroad Company issued a par value of \$501,250 of its capital stock for the property of its predecessors. The basis of exchange for the retirement of the stock of the demised companies was two shares of the new company for each 100 shares of The Whitehall and Plattsburgh Rail Road Company, and one share of new stock for two shares of The Montreal and Plattsburgh Rail Road Company. Since The Whitehall and Plattsburgh Rail Road Company had an authorized issue of \$1,250,000 of capital stock, and The Montreal and Plattsburgh Rail Road Company an issue of \$1,000,000, it may be said that there was a reduction in the stocks and bonds in the hands of the public by this consolidation.

AIDS, GIFTS, GRANTS, AND DONATIONS

Under a special act of New York, dated April 3, 1872, entitled "An act to facilitate the construction of the New York and Canada Railroad, and extending thereto the provisions of certain laws relating to The Whitehall and Plattsburgh Rail Road Company," the sum of \$70,390 was paid to the carrier and credited to the account of The New York and Canada Railroad Company, this being the balance due under the above act. In addition to the above aid, several towns in New York subscribed to the stock of The New York and Canada Railroad Company, giving their own bonds of the same amount. These were delivered to the carrier and credited to the account of The New York and Canada Railroad Company. The towns so subscribing and the amounts were:

Chesterfield, N. Y.....	\$25,000
Plattsburgh, N. Y.....	100,000
Westport, N. Y.....	40,000
Total	165,000

RESULT OF CORPORATE OPERATIONS

Under an agreement dated March 26, 1872, the property of The New York and Canada Railroad Company was leased in perpetuity to the carrier from the date of completion at an annual rental of 30 per cent of the gross earnings, and in the event that this amount was not sufficient to pay the interest on its funded debt the lessor was obligated to pay it. The proportion of such rental for the years 1873 to 1877, inclusive, amounted to \$391,664.22. After 1877 the lessee paid the interest on the funded debt of The New York and Canada Railroad Company and absorbed the earnings in its own accounts.

INVESTMENT IN ROAD AND EQUIPMENT

On December 30, 1910, the road and equipment account of The New York & Canada Railroad Company, as stated in the books of the carrier, showed a balance of \$8,732,582.58, which had been established as follows:

Roads acquired, recorded outlay in acquisition of the property of The Montreal & Plattsburgh Rail Road Company and the Whitehall & Plattsburgh Rail Road Company:

Money outlay (cash advances made by carrier).....	\$713, 141. 47
Capital stock of a par value of \$501,200, issued at an agreed value of.....	383, 850. 00
Total.....	1, 096, 991. 47
Less appraised value of equipment and supplies transferred to accounts of the carrier.....	62, 701. 82
Cost of roads acquired.....	1, 034, 289. 65
Additions and betterments, money outlay (cash advances made by carrier).....	7, 698, 292. 93
Grand total.....	8, 732, 582. 58

The balance in the road and equipment investment account, so far as it is resolvable into kinds of considerations, comprises the following classes of recorded outlay:

Recorded money outlay.....	\$8, 411, 434. 40
Capital stock of a par value of \$501,200 issued at an agreed value of.....	383, 850. 00
Less for equipment and supplies transferred not assignable to either of the classes of outlay above stated.....	62, 701. 82

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property owned and used by The New York & Canada Railroad Company on date of demise can not be definitely ascertained owing to the absence of accounting records. There is no accounting record of the cost of about 23 miles originally built as the road of The Montreal & Plattsburgh Rail Road Company, nor of the 36 miles originally built as the road of The Whitehall & Plattsburgh Rail Road Company, nor of any expenditures made by The New York & Canada Railroad Company of 1872, though the latter constructed no road up to the date it was merged with the other two companies to form The New York & Canada Railroad Company. After this consolidation the last-named company constructed about 90.169 miles of road and made extensive additions and betterments to the entire property to the date of its merger with the carrier, the outlays for which are recorded in the accounts of the latter. These outlays may be summarized as follows:

	Miles	Recorded money outlay
Description of property acquired, The Montreal and Plattsburgh Rail Road Company, Canada Junction to New York-Canada line.....	23. 000	-----
The Whitehall and Plattsburgh Rail Road Company:		
Fort Ticonderoga to Port Henry.....	15. 000	-----
Ausable River to South Junction.....	21. 000	-----
Total mileage for which no original cost has been ascertained.....	59. 000	-----
Recorded money outlay by the carrier for The New York and Canada Railroad Company in the construction of the road between—		
Lake Station and Fort Ticonderoga.....	} 90. 169	\$7, 698, 292. 93
Port Henry and South Junction.....		
Montcalm Landing and Baldwin.....		
Canada Junction and Rouses Point.....		
Ausable River and Ausable Forks.....		
And additions and betterments to and entire property exclusive of equipment.....		

In addition to the above, the carrier has charged to its own road and equipment investment account a total of \$153,524.91 for improvements to the property of The New York and Canada Railroad Company, expended during the years 1901 to 1903, inclusive.

LEASED RAILWAY PROPERTY

The agreement of March 26, 1872, between The New York and Canada Railroad Company and the carrier provided that upon completion of the property of the former it would be leased to the latter in perpetuity. Under this agreement the carrier was to pay as annual rental an amount equal to 30 per cent of the gross earnings, and if this amount was not sufficient to pay all of the interest on the funded debt of the lessor the balance shall be paid by the carrier. At February 20, 1878, The New York and Canada Railroad Company leased all of its property to the carrier in perpetuity from July 1, 1876, under the same terms and conditions as set forth in the agreement of March 26, 1872. The lease further provided that the carrier should maintain and improve the property and that the lessor would issue to the carrier upon request its securities in payment of such expenditures made by the latter. On January 14, 1873, The Whitehall and Plattsburgh Rail Road Company leased all of its property to The New York and Canada Railroad Company for a term of 999 years from that date. The obtainable records, however, do not state whether this lease was made effective, although it was recorded in several of the counties of New York.

THE NEW YORK AND CANADA RAILROAD COMPANY OF 1872, PREDECESSOR OF THE NEW YORK AND CANADA RAILROAD COMPANY

INTRODUCTORY

There are no obtainable accounting records, the information herein contained having been taken from the laws of New York, the articles of association, and from the returns on corporate history of the carrier.

CORPORATE HISTORY

The New York and Canada Railroad Company of 1872 was incorporated under the general laws of New York, March 16, 1872, by interests identified with the carrier. Its corporate existence was continued until April 8, 1873, when it was merged and consolidated with The Whitehall and Plattsburgh Rail Road Company and The Montreal and Plattsburgh Rail Road Company to form The New York and Canada Railroad Company. The purpose of The New York and Canada Railroad Company of 1872 was to construct, maintain, and operate a railroad from Whitehall, along the western shore of Lake Champlain, to the New York-Canada line at or near Rouses Point, N. Y., a distance of about 114 miles. The carrier had secured under perpetual leases the properties of the Albany and Susquehanna (February 24, 1870) and the Rensselaer and Saratoga (May 1, 1871), during the two years immediately preceding the incorporation of The New York and Canada Railroad Company of 1872, and it was the purpose of the last-named company to construct, maintain, and operate a railroad from a connection with the railroad of the Rensselaer and Saratoga at Whitehall, in a northerly direction along the western shores of Lake Champlain to a connection with the railroad of The Grand Trunk Railway Company at or near Rouses Point, on the New York-Canada line. Its purpose

as originally expressed was augmented by a special act passed March 25, 1873, which authorized it to build a branch road from its main line at Ticonderoga to the foot of Lake George, a distance of about 5 miles. The consolidation of The New York and Canada Railroad Company of 1872 with others to form The New York and Canada Railroad Company was effected before the first named had completed the construction of its projected road.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

As previously stated, The New York and Canada Railroad Company of 1872 did not complete the construction of its railroad from Whitehall to Rouses Point. On March 26, 1872, it entered into an agreement with the carrier under which the latter agreed to build and equip a railroad from Whitehall to the Canadian line within five years from that date, in payment for which The New York and Canada Railroad Company of 1872 would issue its first-mortgage bonds and capital stock. It was further agreed that upon completion of the road The New York and Canada Railroad Company of 1872 would lease its entire property to the carrier in perpetuity, at an annual rental of 30 per cent of the gross earnings. During the year 1872, the accounting records of the carrier list some expenditures for land, land damages and fences, graduation and masonry, and bridges, trestles, and culverts, but the work begun during the life of The New York and Canada Railroad Company of 1872 was completed during the life of its successor company, The New York and Canada Railroad Company.

HISTORY OF CORPORATE FINANCING

The articles of association authorized The New York and Canada Railroad Company of 1872 to issue \$3,000,000 of capital stock, divided into shares of \$100 each. The obtainable records do not indicate that any of this stock was issued, nor is there any evidence that the first-mortgage bonds referred to in the agreement of March 26, 1872, were ever issued. No further information was obtainable.

THE WHITEHALL AND PLATTSBURGH RAIL ROAD COMPANY, PREDECESSOR OF THE NEW YORK AND CANADA RAILROAD COMPANY

INTRODUCTORY

There are no obtainable accounting records, the information here submitted having been taken from the laws of New York, the obtainable minute book, and from the returns of the carrier on corporate history.

CORPORATE HISTORY

The Whitehall and Plattsburgh Rail Road Company was incorporated under the general laws of New York and by a special act passed March 20, 1868. Under its articles of association, which were filed February 16, 1866, authority was given to construct, maintain, and operate a railroad from Whitehall to Plattsburgh, N. Y., a distance of about 90 miles. Under an agreement dated February 25, 1873, effective April 15, 1873, The Whitehall and Plattsburgh Rail Road Company was merged and consolidated with the Montreal and Plattsburgh Rail Road Company and the New York and Canada Railroad Company of 1872 to form The New York and Canada Railroad Company.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

At its demise on April 15, 1873, the property of The Whitehall and Plattsburgh Rail Road Company consisted of two unconnected single-track standard-gauge railroads, as follows: Ausable River, near Ausable Forks, to Plattsburgh, about 21 miles; Fort Ticonderoga to Port Henry, about 15 miles; total, 36 miles. Both of these sections were constructed under unknown conditions, the former in 1869 and the latter in 1870.

THE HISTORY OF CORPORATE FINANCING

The articles of association authorized capital stock not to exceed \$1,250,000, divided into shares of \$100 each. The obtainable records do not state what amount had been issued and was outstanding at the date of demise. The lease of the property to The New York and Canada Railroad Company, dated January 14, 1873, hereinafter referred to, states that The Whitehall and Plattsburgh Rail Road Company had \$250,000 of mortgage bonds outstanding at the date of lease on which a rental of 7 per cent annually was received. It is not possible to make any further statement concerning its securities.

AIDS, GIFTS, GRANTS, AND DONATIONS

Under an act approved March 20, 1867, the State of New York was authorized to pay to the treasurer of The Whitehall and Plattsburgh Rail Road Company \$5,000 a mile and at that rate for any part of a mile, after the road shall have been constructed, not, however, to exceed 50 miles in all, the road to be completed within two years from the passage of the act. This act was amended in 1869 and 1871, extending the time of completion of the road and reappropriating the unexpended moneys for this aid in accordance with the original act. In addition to the above, by an act approved May 9, 1867, any of the towns in the counties of Clinton and Essex, and the towns of Putnam, Whitehall, and Dresden, in the county of Washington, were authorized to issue bonds for the payment of the capital stock of the Whitehall to an amount not exceeding 20 per cent of the assessed valuation of the real and personal property of the town. Such bonds were to be due and payable 30 years from date, with interest at 7 per cent. The same act authorized The Whitehall and Plattsburgh Rail Road Company to issue \$50,000 of bonds. There are no records from which it is possible to ascertain the extent to which the counties and towns aided in the construction of The Whitehall and Plattsburgh Rail Road Company under these acts.

RESULT OF CORPORATE OPERATIONS

The Whitehall and Plattsburgh Rail Road Company has never operated its property. That portion of the road from Fort Ticonderoga to Port Henry was operated from completion to March 1, 1873, by the Vermont Central and the Vermont and Canada Railroads under agreements dated September 26, 1870, and January 30, 1871. The portion from Ausable River to Plattsburgh was operated from completion to January 1, 1871, by The Montreal and Plattsburgh Rail Road Company under an agreement dated May 1, 1869; from January 1, 1871, to January 30, 1871, by Rutland Railroad Company under an agreement dated January 23, 1871; and from January 30, 1871, to March 1, 1873, by the Vermont Central and the Vermont and Canada Railroads under an agreement dated January 30, 1871. In addition to the above leases The Whitehall and Plattsburgh Rail Road Company leased its property to The New York and Canada Railroad Company for a period of 999 years from

January 14, 1873. This lease was made subject to a certain lease to Rutland Railroad Company and a lease to The Montreal and Plattsburgh Rail Road Company, and mentions the lease to the Addison Railroad Company for 999 years to the right of way from the New York-Vermont State line to a connection with the line of The Whitehall and Plattsburgh Rail Road Company. The lease of January 14, 1873, was recorded in Essex and Clinton Counties, N. Y., in May and April of 1873, but the obtainable records do not state that the lease was made effective prior to the merger.

THE MONTREAL AND PLATTSBURGH RAIL ROAD COMPANY, PREDECESSOR OF THE
NEW YORK AND CANADA RAILROAD COMPANY

INTRODUCTORY

There are no accounting or other corporate records, the information here submitted having been taken from the laws of New York and from the returns of the carrier on corporate history.

CORPORATE HISTORY

The Montreal and Plattsburgh Rail Road Company was incorporated under the general laws of New York and by a special act passed April 12, 1867, and is a reorganization following foreclosure sale of The Plattsburgh & Montreal Railroad Company. The property did not pass into the possession of The Montreal and Plattsburgh Rail Road Company, however, until August 20, 1868. Under an agreement of February 25, 1873, effective April 15, 1873, The Montreal and Plattsburgh Rail Road Company was merged and consolidated with The New York and Canada Railroad Company of 1872 and The Whitehall and Plattsburgh Rail Road Company to form The New York and Canada Railroad Company. At its demise on April 15, 1873, the property of The Montreal and Plattsburgh Rail Road Company consisted of a single-track standard-gauge railroad extending from Plattsburgh, N. Y., to the New York-Canada line, a distance of about 23 miles, that it had acquired from The Plattsburgh & Montreal Railroad Company.

HISTORY OF CORPORATE FINANCING

The act of incorporation authorized capital stock of \$1,000,000, divided into shares of \$100 each. There are no records from which it is possible to make any further statement concerning the securities authorized or issued by The Montreal and Plattsburgh Rail Road Company.

RESULT OF CORPORATE OPERATIONS

The Montreal and Plattsburgh Rail Road Company was operated by its own organization from August 20, 1868, to January 1, 1871, and by the Vermont Central and Vermont and Canada Railroads from January 1, 1871, to March 1, 1873. During the latter period of operation the property of The Montreal and Plattsburgh Rail Road Company was under lease to Rutland Railroad Company from January 1, 1871, to January 30, 1871, and to the Vermont Central and Vermont and Canada Railroads from January 30, 1871, to March 1, 1873. The Montreal and Plattsburgh Rail Road Company also operated the property of the Whitehall and Plattsburgh Rail Road Company from Plattsburgh to Ausable River from May 1, 1869, to January 1, 1871. The terms of these various leases and the results of operations are not of record.

THE PLATTSBURGH & MONTREAL RAIL ROAD COMPANY, PREDECESSOR OF THE
MONTREAL AND PLATTSBURGH RAIL ROAD COMPANY

INTRODUCTORY

There are no obtainable accounting records, the information herein contained having been taken from the minute book, the laws of New York, and from the returns of the carrier on corporate history.

CORPORATE HISTORY

The Plattsburgh & Montreal Rail Road Company was incorporated under the laws of New York and by a special act passed April 7, 1849, but the articles of association were not filed until March 28, 1850. The act authorized The Plattsburgh & Montreal Rail Road Company to construct, maintain, and operate a railroad from Plattsburgh, N. Y., to the Canada line. The Plattsburgh & Montreal Rail Road Company defaulted in the payment of the interest on its first and second mortgage bonds, in consequence of which its property was sold under foreclosure proceedings on September 24, 1857, to a committee representing the bondholders, who held the property in trust until August 20, 1868. At the latter date the property was conveyed to a committee representing the bondholders, who had previously incorporated themselves on April 12, 1867, as The Montreal and Plattsburgh Rail Road Company. The property was transferred to the latter by deed of August 20, 1868.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

At its demise on August 20, 1868, the property of the Plattsburgh & Montreal Rail Road Company consisted of a single-track standard-gauge railroad, extending from Plattsburgh to the New York-Canada line, a distance of about 23 miles, all in the State of New York. This road was constructed under unknown conditions and opened for operation in sections as follows: Plattsburgh to Mooers Junction, July 26, 1852; Mooers Junction to New York-Canada line, September 20, 1852.

HISTORY OF CORPORATE FINANCING

The act of incorporation authorized capital stock of \$500,000, divided into shares of \$50 each. In addition, the Plattsburgh & Montreal Rail Road Company was authorized by its stockholders to issue two series of long-term debt. First-mortgage bonds amounting to \$200,000 were authorized to provide means for completing the road and supplying the necessary equipment. These bonds were dated June 1, 1852, and were payable at June 1, 1862, with interest at 7 per cent. Second-mortgage bonds amounting to \$200,000 were authorized to secure funds for general purposes. This issue was dated July 15, 1853, and was payable August 1, 1868, with interest at 7 per cent.

RESULT OF CORPORATE OPERATIONS

The Plattsburgh & Montreal Rail Road Company was operated by its own organization from completion to February 16, 1855; by Edward V. Price, lessee, under unknown conditions, from February 21, 1857, to August 20, 1868. There are no records from which it is possible to state the results from these operations. No further information was obtainable.

THE CHERRY VALLEY, SHARON AND ALBANY RAILROAD COMPANY, PREDECESSOR OF
THE CARRIER

INTRODUCTORY

There are no accounting records for The Cherry Valley, Sharon and Albany Railroad Company, and the information here submitted is taken from the laws of New York, the minute book, sworn reports to the State of New York, and from the returns on corporate history and the accounting records of the carrier.

CORPORATE HISTORY

The Cherry Valley, Sharon and Albany Railroad Company was incorporated under a special act of New York dated April 10, 1860, as the Cherry Valley and Sprakers Railroad Company. This name was changed to Cherry Valley and Mohawk River Railroad Company by a special act of New York dated April 15, 1864, and again changed to that first mentioned by a special act of New York dated April 10, 1869. The Cherry Valley, Sharon and Albany Railroad Company was authorized by the original act to construct, operate, and maintain a railroad from Cherry Valley to a connection with the line of The New York Central Railroad Company at Palatine, N. Y., about 15 miles. By the subsequent acts amending the original act, The Cherry Valley, Sharon and Albany Railroad Company was authorized to extend its line in a southerly direction connecting with the Albany and Susquehanna at Cobleskill, N. Y. The property of The Cherry Valley, Sharon and Albany Railroad Company was merged with that of the carrier on July 17, 1908, under a certificate merger dated July 16, 1908.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The sworn reports to the New York State engineer indicate that The Cherry Valley, Sharon and Albany Railroad Company owned at July 17, 1908, a single-track standard-gauge railroad, extending from Cherry Valley to Cherry Valley Junction, about 21.34 miles of road, construction of which had been undertaken during the years 1869 and 1870 under unknown conditions. At July 15, 1863, The Cherry Valley, Sharon and Albany Railroad Company entered into an agreement with the Albany and Susquehanna by which that company agreed to complete its road and take over the operation of it when completed. This agreement was assigned by the Albany and Susquehanna to the carrier, under date of May 27, 1870, and the road was completed and placed in operation about June 1, 1870.

HISTORY OF CORPORATE FINANCING

The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount of each outstanding on July 17, 1908:

Description	Originally issued	Retired	Outstanding
Capital stock	\$289,100.00		\$289,100.00
Two series of first-mortgage bonds	525,000.00	\$525,000.00	
Gold-coin notes	128,476.39	128,476.39	
Nonnegotiable debt	672,750.00	220,512.30	452,237.70
Total	1,615,326.39	873,988.69	741,337.70

Capital stock, common.—The act of incorporation authorized originally an issue of capital stock not to exceed \$100,000, divided into shares of \$50 each. This authorization was increased by amendment on April 15, 1864, to \$500,000, and on April 10, 1866, to \$1,000,000. Of the amount authorized, \$289,100 was issued and outstanding on July 17, 1908. The consideration received for this issue of stock is not of record, but the report to the State engineer of New York shows a like amount as part of the investment in road and equipment.

Funded debt.—First-mortgage 30-year 7 per cent bonds, amounting to \$225,000, were authorized for the purpose of securing funds for the purchase of iron and completing the road. The minutes of July 12, 1869, state that \$201,500 par value of these bonds were delivered to Dabney, Morgan & Company as collateral security for \$128,476.39 gold-coin notes payable in one year, and the remainder were authorized to be sold at not less than 90, but the subsequent records show that of the remainder, \$13,500 was held by the National Central Bank of Cherry Valley as collateral security for money advanced by that bank. The minutes of December 31, 1869, authorized the retirement of the outstanding bonds by another issue of bonds of the amount of \$300,000. It is not possible to state from the records whether this issue of \$225,000 was retired by the second issue of bonds or from the proceeds of the same.

First-mortgage 30-year 7 per cent bonds, amounting to \$300,000, were authorized for refunding purposes and to secure additional funds for completing the road. The considerations received in the issue are not of record. The minutes of December 30, 1870, approve the sale of \$300,000 at 80. The first issue of \$225,000 of bonds, referred to above, may have been retired by this issue or from the proceeds of same. The entire amount, \$300,000, including the discount of \$60,000, is included in the report to the State engineer of New York as part of the total representing the investment in road and equipment. These bonds were retired through the carrier for \$257,412.50, at a discount of \$42,587.50, and charged by that company to The Cherry Valley, Sharon and Albany Railroad Company in open account.

Gold-coin notes amounting to \$128,476.39 were issued to Dabney, Morgan & Company and were payable in one year. The considerations for the issues and retirements are not of record, but from the minutes of The Cherry Valley, Sharon and Albany Railroad Company it is stated that the notes were issued for iron.

Advances.—As has been stated above, The Cherry Valley, Sharon and Albany Railroad Company was completed by the carrier, and the latter also financed it to the date of merger, July 17, 1908. At June 30, 1907, the latest report to the New York State engineer, the balance sheet statement lists \$452,237.70 as non-negotiable debt to affiliated companies. This amount consists of the par value of the first-mortgage 30-year bonds, \$300,000, that the carrier retired at maturity, and \$372,750 interest on these bonds paid by the carrier from 1883 to the date of retirement, less \$220,512.30 credited to The Cherry Valley, Sharon and Albany Railroad Company as income from lease of road from 1883 to 1903.

RESULT OF CORPORATE OPERATIONS

As previously stated, The Cherry Valley, Sharon and Albany Railroad Company entered into an agreement for the operation of its road by the Albany and Susquehanna July 15, 1868, which agreement was subsequently assigned, May 27, 1870, to the carrier. Under this agreement, The Cherry Valley, Sharon and Albany Railroad Company was to receive as rental one-half of the earnings after deducting the taxes. The carrier operated the property

from June 1, 1870, to July 17, 1908, crediting The Cherry Valley, Sharon and Albany Railroad Company in open account with its proportion of the earnings and charging it with the expenditures for completing the road, the additions and betterments made thereto, the interest paid on its funded debt, and some other unpaid expenses at the date of the lease. The records of the carrier show credits from operation of road amounting to \$108,708.51 from June, 1870, to December, 1879, and for the same period there are payments for interest on funded debt amounting to \$87,045. The net amount of \$21,663.51 was credited to the profit and loss account of the carrier. Subsequent charges and credits on account of this operation during the period of 1879 to 1908 were not segregated on the books of the carrier. The reports of The Cherry Valley, Sharon and Albany Railroad Company to the Railroad Commission of New York are continuous from June 30, 1883, to June 30, 1903, and state the income from lease of road as \$220,512.30 and the interest on funded debt for the same period as \$372,750, thus making a deficit of \$152,237.70, which is the profit and loss debit balance entered upon the balance sheet statement of June 30, 1907, the latest that was obtainable.

INVESTMENT IN ROAD AND EQUIPMENT

The Cherry Valley, Sharon and Albany Railroad Company owned no equipment. On September 30, 1908, the investment in road showed a balance of \$589,100, which had been established as follows: Par value of capital stock issued, \$289,100; par value of first-mortgage bonds issued, \$300,000; total, \$589,100. As hereinbefore stated, the total shown above includes a discount of \$60,000 incurred in the issue of a par value of \$300,000 of mortgage bonds at 80.

The Cherry Valley, Sharon and Albany Railroad Company stated in its report to the New York State engineer for 1870 that "a large part of the work was done under contract for a gross sum, such work embracing all the grading, fencing, masonry, bridging, etc.; said contract having been abandoned by the contractors before its completion, thereby leaving disputed claims, so that it is difficult to give the amount in exact terms for each portion of the work." A further statement is made that "The cost of the road was about \$600,000."

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property owned and used by The Cherry Valley, Sharon, and Albany Railroad Company on July 17, 1908, can not be definitely ascertained owing to the entire absence of accounting records of The Cherry Valley, Sharon, and Albany Railroad Company and those of the contractor who constructed the original road. In its sworn report to the Railroad Commission of New York for June 30, 1907, the cost of the road, exclusive of equipment, is shown as \$589,100, comprising its outlay in securities as hereinbefore stated. The minutes of The Cherry Valley, Sharon, and Albany Railroad Company record the following expenditures made on account of construction.

Engineering	\$9, 973. 13
Land and land damages.....	21, 830. 20
Ties	31, 020. 75
Iron	148, 316. 23
Superstructures.....	32, 732. 81
Wood account.....	1, 055. 13

Depots, engine, and water houses.....	\$18, 825. 57
Construction (not classified).....	211, 102. 19
Taxes.....	23. 24
Interest on town bonds.....	19, 250. 00
Expenses account of sale of town bonds.....	1, 476. 43
Expenses account of bonds and mortgages for iron.....	625. 25
Personal expense accounts.....	300.00
Total	496, 530. 93

LEASED RAILROAD PROPERTY

The property of The Cherry Valley, Sharon, and Albany Railroad Company was leased to the carrier until July 17, 1908, when it was merged with the property of the lessee. Under the terms of this lease, the lessor was to receive as rental one-half the earnings after deducting taxes as hereinbefore described.

Lessor Companies

ALBANY AND SUSQUEHANNA RAIL ROAD COMPANY (ALBANY AND SUSQUEHANNA)

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The records of the Albany and Susquehanna indicate that preliminary surveys were begun in May, 1851, and grading and masonry for about 25 miles on the east end from Albany were commenced in 1853 under contract with independent contractors. Work was suspended in 1854, but was resumed in October, 1858, and finally completed in 1869. The property was placed in operation on the following dates:

		Mileage
Albany to Central Bridge.....	Sept. 16, 1863	36. 20
Central Bridge to Cobleskill.....	Jan. 2, 1865	8. 59
Cobleskill to Richmondville.....	June 1, 1865	5. 20
Richmondville to Worcester.....	July 17, 1865	11. 69
Worcester to Schenevus.....	Aug. 7, 1865	5. 00
Schenevus to Oneonta.....	Aug. 28, 1865	15. 097
Oneonta to Otego.....	Jan. 23, 1866	8. 01
Otego to Unadilla.....	Mar. 21, 1866	9. 20
Unadilla to Sydney.....	Oct. 22, 1866	4. 39
Sydney to Bainbridge.....	July 10, 1867	5. 196
Bainbridge to Afton.....	Nov. 11, 1867	5. 792
Afton to Harpursville.....	Dec. 25, 1867	5. 776
Harpursville to Binghamton.....	Jan. 14, 1869	22. 30
Total		142. 441

The road was originally constructed of a gauge wider than the present standard gauge, on account of its connection with the New York and Erie Railroad at Binghamton. The carrier in 1871 constructed a third rail so that standard gauge equipment might be used, subsequently changing the entire road to standard gauge and constructing a second track of about 95.330 miles between Delanson and Binghamton.

HISTORY OF CORPORATE FINANCING

The records of the Albany and Susquehanna disclose no syndicating transactions. The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount of each outstanding on date of valuation.

Description	Issued	Retired	Outstanding
Capital stock.....	\$5,095,000	\$1,595,000	\$3,500,000
Six series of mortgage bonds.....	24,700,000	14,700,000	10,000,000
Nonnegotiable debt to affiliated companies.....	7,500,000	7,500,000	-----
Total.....	37,295,000	23,795,000	13,500,000

Funded debt.—The Albany and Susquehanna issued and retired funded debt in exchange for the following considerations:

Consideration	Recorded value	Par value
Issued:		
Cash.....	\$4,701,421.74	\$5,462,406.56
Construction of property.....	399,623.16	468,823.16
Town bonds.....	950,000.00	950,000.00
Capital stock.....	1,595,000.00	1,595,000.00
Funded debt.....	13,619,000.00	13,619,000.00
Notes payable.....	70,000.00	70,000.00
Advances.....	7,500,000.00	7,500,000.00
Services.....	128,450.00	128,450.00
Interest.....	1,320.28	1,320.28
Total.....	28,964,815.18	29,795,000.00

The difference of \$830,184.82 between the par value issued and the recorded amount of considerations received consists of—

Discount on capital stock.....	\$341,541.62	} \$938,979.86
Discount on funded debt.....	597,438.24	
Premium on capital stock.....	-----	108,795.04
Net difference.....	-----	830,184.82

This difference was disposed of as follows:

Charged to—		
Investment in road and equipment.....	\$597,438.24	} \$938,979.86
Profit and loss.....	341,541.62	
Credited to—		
Investment in road and equipment.....	1,095.49	} 108,795.04
Profit and loss.....	107,699.55	
Net charges.....	-----	830,184.82

Securities of a par value of \$16,295,000 were retired with \$1,081,000 of cash and \$15,214,000 of other securities issued. The details of the individual issues of securities will be found in the accounting report hereinbefore referred to.

Nonnegotiable debt to affiliated companies.—From 1870 to 1889 the carrier advanced the Albany and Susquehanna in open account for additions and betterments \$7,500,000, which the latter retired at par by the issue of \$2,545,000 of common stock and \$4,955,000 of first-mortgage bonds.

Short-term notes.—In addition to the foregoing the Albany and Susquehanna, during the years 1865 to 1902, issued and retired short-term notes for temporary financing to the amount of \$3,055,036.27, for which the considerations received were \$2,760,434.94 cash, \$265,840.08 construction or property, and \$28,761.25 in payment of interest on funded debt. The entire amount was retired with \$2,985,036.27 cash and \$70,000 of capital stock.

RESULTS OF CORPORATE OPERATIONS

Income account.—The income account of the Albany and Susquehanna for year ended on date of valuation, and for the period September 18, 1863, to date of valuation, follows.

	Year	Period
Operating income:		
Railway operating revenues.....		\$2,669,384.04
Railway operating expenses.....		1,721,708.51
Net revenue from railway operations.....		947,675.53
Railway tax accruals.....		37,066.38
Nonoperating income:		
Income from lease of road.....	\$786,750.00	36,782,329.76
Income from unfunded securities and accounts.....	235.60	62,928.17
Income from sinking and other reserve funds.....	1,712.50	358,418.15
Total.....	788,698.10	37,203,676.08
Gross income.....	788,698.10	38,114,285.23
Deductions from gross income:		
Miscellaneous tax accruals.....	4,309.04	26,605.25
Interest on funded debt.....	350,000.00	24,262,498.31
Interest on unfunded debt.....		51,532.83
Maintenance of investment organization.....	1,545.75	344,904.95
Total.....	355,854.79	24,685,541.34
Net income.....	432,843.31	13,428,743.89
Disposition of net income, dividend appropriations of income.....	428,750.00	13,545,955.50
Income balance transferred to—		
Credit of profit and loss.....	4,093.31	
Debit of profit and loss.....		117,211.61

If certain delayed-income items in the profit and loss account were transferred to the income account for the entire period, there would be a credit balance of \$1,071,595.98 carried to profit and loss instead of the debit balance of \$117,211.61 shown above.

Profit and loss account.—The profit and loss account of the Albany and Susquehanna on date of valuation follows.

Credits:

Delayed-income credits—

Income from lease of road.....	\$1,350,512.36	
Refund of railway tax accruals.....	14,279.69	
		\$1,364,792.05

Miscellaneous credits—

Capital stock, par value, surrendered by the carrier, account of amended lease..	50,000.00
Adjustments of balance sheet accounts..	19,171.20
Amount allowed in suit of G. S. Marsh..	6,268.76
Proceeds from sale of United States—	
Revenue stamps.....	169.11
Land.....	8,700.00
Materials.....	289.25

Premium on capital-stock sales—

Forfeited stock.....	\$107,699.55
Other stock.....	326.50
	108,026.05

		192,624.37
Total.....		1,557,416.42

Debits:

Debit balance transferred from income.....	\$117, 211. 61
Stock discount extinguished through surplus.....	341, 541. 62
Delayed-income debits, railway operating expenses.....	175, 984. 46
Miscellaneous debits—	
Material-inventory adjustments.....	\$63, 052. 99
Balance in open account against J. F.	
Ramsay, president.....	97, 461. 52
Loss on investment securities.....	7, 000. 00
	<u>167, 514. 51</u>
Credit balance on date of valuation.....	755, 164. 22
Total	<u>1, 557, 416. 42</u>

INVESTMENT IN ROAD AND EQUIPMENT

On date of valuation the investment in road and equipment, including land, is stated in the books of the Albany and Susquehanna as \$14,200,766.55, which had been established as follows:

Original construction:

Money outlay, including notes payable subsequently retired with cash	\$5, 650, 117. 03
Capital stock issued.....	114, 823. 16
Funded debt issued.....	249, 600. 00
Town bonds exchanged.....	60, 100. 00
Gross considerations	<u>6, 074, 640. 19</u>
Less—	
Proceeds from sale of land and materials....	\$31, 114. 74
Amounts forfeited by contractor.....	13, 430. 40
	<u>44, 545. 14</u>
Net construction.....	<u>6, 030, 095. 05</u>

Additions and betterments:

Road. money outlay, cash expenditures made by the carrier..	3, 533, 728. 53
Equipment—	
Money outlay, including \$3,966,271.47 cash expenditures made by the carrier.....	4, 723, 031. 74
Second-mortgage bonds issued.....	35, 200. 00
Total	<u>8, 291, 960. 27</u>

Other items, not in accord with our present accounting rules:

Credits—

Donations received from State of New York.....	\$750, 000. 00
Donations received from individuals.....	1, 725. 00
	<u>751, 725. 00</u>

Debits—

Discount on securities issued (\$597,438.24) less \$1,095.49 of installments on capital stock forfeited.....	596, 342. 75
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Other items, not in accord with our present accounting rules—Continued.

Debits—Continued.

Commission allowed J. H. Ramsay, president, for services in securing \$900,000 of town bonds, at 2 per cent.....	\$18,000.00	
Loss on town bonds disposed of.....	500.00	
Commission allowed Cuggar and Hand for services in securing the issue of Albany city bonds.....	1,000.00	
Bonus allowed Baker and DeGraff, contractors, for completing tracklaying by September 1, 1865.....	2,000.00	
Payments made to sinking fund for retirement of Albany city bonds.....	10,000.00	
Net amount of old accounts written off..	2,593.48	
		630,436.23
Net credits.....		\$121,288.77
Grand total		14,200,766.55

If the credits in "other items" were restored and the debts therein eliminated, the balance in the account would be increased to \$14,322,055.32, and, so far as it is resolvable into the kinds of consideration, would comprise the following classes of recorded outlays:

Recorded money outlay.....	\$13,906,877.30
Capital stock issued.....	114,823.16
Funded debt issued.....	284,800.00
Town bonds exchanged.....	60,100.00
Less deductions not assignable specifically to any one or more of the classes of outlay above stated:	
Proceeds from sale of land and materials.....	31,114.74
Accounts forfeited by contractor.....	13,430.40

The balance mentioned above may include the cost of lands classified as noncarrier and the original cost of certain land sold, the proceeds of which were credited to profit and loss. It may also include an indeterminable amount representing that part of the cost of property disposed of in excess of the credits made to the account for proceeds from sales.

ORIGINAL COST TO DATE

Cost of lands.—The Albany and Susquehanna reports the original cost of all lands owned, including both carrier and noncarrier lands, as \$470,962.98. In verifying the returns, \$20,424.56 was deducted as not constituting land costs. The resulting balance of \$450,538.42, made up in part of costs supported by accounting records and in part of substantial deed considerations and other amounts, which the carrier claims to represent costs but which are not supported by accounting records, may be classified as follows:

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Classification	Costs supported by accounting records	Amounts not supported by accounting records
Carrier lands owned but leased to the carrier.....	\$444,726.07	\$3,923.70
Rights in private lands, owned but leased to the carrier.....	754.35	632.30
Lands classified as noncarrier, owned.....	502.00	-----

LEASED RAILWAY PROPERTY

The property of the Albany and Susquehanna was leased February 24, 1870, for the term of its charter, to the year 2001, to the carrier. That agreement was amended on March 7, 1876. The terms of the lease and the rental accrued for the year ending on date of valuation are given in the section on leased railway property of the report on the carrier.

THE RENSSELAER AND SARATOGA RAIL ROAD COMPANY (RENSSELAER AND SARATOGA)

The accounting and other records of the Rensselaer and Saratoga were destroyed by fire on May 10, 1862. From that date to January 1, 1868, the books of accounts are incomplete. Information contained in this report pertaining to this period prior to the latter date has been compiled from the Rensselaer and Saratoga's sworn reports to the New York State engineer, its corporate records, and the return on corporate history made by the carrier.

CORPORATE HISTORY

The corporations whose franchises and properties have gone to make up the present company, and the dates of the changes in those several corporations, are shown in the following table:

Corporate name	Date of incorporation	State	Date of acquisition by successor
1. Rensselaer and Saratoga.....	Apr. 14, 1832	New York.....	Present company.
2. The Glens Falls Rail Road Company.	July 26, 1867	.....do.....	Acquired by 1, July 31, 1906.
3. The Troy, Salem & Rutland Rail Road Company.	June 3, 1865	.....do.....	Acquired by 1, Oct. 20, 1868.
4. The Salem & Rutland Rail Road Company.	Feb. 1, 1867	Vermont.....	Acquired by 1, Oct. 20, 1868.
5. The Rutland & Washington Rail Road Company.	Nov. 13, 1847	.....do.....	Portion of property in New York acquired by 3, June 30, 1865.
Do.....	Nov. 12, 1849	.....do.....	Portion of property in Vermont acquired by 4, June 30, 1865.
6. Troy & Rutland Rail Road Company.	July 2, 1849	New York.....	Acquired by 3, June 3, 1865.
7. The Saratoga & Whitehall Rail-road Company.	June 7, 1855	.....do.....	Acquired by 1, Oct. 20, 1868.
8. Saratoga and Washington Rail Road Company.	May 2, 1834	.....do.....	Acquired by 7, June 8, 1855.
9. Saratoga and Fort Edward Rail Road Company	Apr. 17, 1832	.....do.....	Acquired by 8, on date unknown.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The property owned or held under perpetual lease by the Rensselaer & Saratoga on date of valuation was acquired, as follows:

	Date	Miles
Road constructed:		
Troy to Ballston Spa.....	Mar. 19, 1836	25.150
Watervliet to Green Island.....	1873	1.080
Glens Falls to Lake George.....	1882	9.060
Total.....		35.290
Roads acquired:		
Saratoga and Whitehall Railroad—		
Saratoga Springs to Whitehall.....	Oct. 20, 1868	40.950
Whitehall to New York-Vermont State line.....	Oct. 20, 1868	6.590
The Troy, Salem & Rutland Railroad Company, Eagle Bridge to New York-Vermont State line.....		
	Oct. 20, 1868	32.400
The Glen Falls Railroad Company, Fort Edward to Glens Falls.....		
	July 31, 1906	5.400
Total.....		85.340
Grand total owned.....		120.630
Road held under perpetual lease, The Salem and Rutland Railroad Company, New York-Vermont State line to Rutland, Vt.....		
	Mar. 19, 1967	33.074
Total mileage owned or held under lease.....		153.704

HISTORY OF CORPORATE FINANCING

The records of the Rensselaer and Saratoga disclose no syndicating transactions. The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount of each outstanding on date of valuation.

Description	Originally issued	Retired	Outstanding
Capital stock.....	\$10,000,000		\$10,000,000
Funded debt issued.....	2,750,000	750,000	2,000,000
Funded debt assumed.....	1,025,000	1,025,000	
Nonnegotiable debt.....	4,000,000	4,000,000	
Total.....	17,775,000	5,775,000	12,000,000

Capital stock.—A par value of \$610,000 was issued for which the considerations received could not be ascertained. A par value of \$3,159,750 was issued for \$1,159,612.50 cash, the discount of \$2,000,137.50 being disposed of in the accounts as hereinafter described. The balance of \$6,230,250 was issued at par for the following considerations:

Property.....	\$1,300,000
Other debt retired (advances).....	4,000,000
Securities of other companies.....	347,250
Bonus to stockholders.....	400,000
Stock dividend.....	183,000
Total.....	6,230,250

Funded debt.—The available sources of information show the Rensselaer and Saratoga to have had, since July 1, 1853, five issues of funded debt and three others assumed in the acquisition of property. What issues, if any, were made prior to July 1, 1853, can not be ascertained due to the absence

of all accounting records for that period. The purposes for which the capital securities were issued and the apparent considerations received therefor appear to have been, as shown by the records :

Consideration	Recorded value	Par value
Issued or assumed:		
Cash.....	\$1,435,992.50	\$3,467,750
Property.....	5,018,900.00	6,299,000
Other debt retired.....	5,775,000.00	5,775,000
Securities of other companies.....	598,250.00	598,250
Stock dividend.....		183,000
Stock bonus to stockholders.....		400,000
Settlement of current liability due carrier.....	121,500.00	135,000
Without consideration (issued to carrier in return for latter's guaranty of Rensselaer and Saratoga's funded debt).....		75,000
Unascertainable.....	841,575.00	842,000
Total.....	14,790,217.50	17,775,000

The difference of \$2,984,782.50 between the par value issued or assumed, and the recorded value of the considerations received, consists of—

Discount on capital stock.....	\$2,000,137.50
Discount on funded debt.....	45,545.00
Stock dividend.....	183,000.00
Stock bonus.....	400,000.00
Funded debt issued without consideration....	75,000.00
Issued to the treasury and subsequently sold..	281,100.00
Total.....	2,984,782.50

The disposition of the stock dividend of \$183,000 could not be determined from the records. The balance of \$2,801,782.50 was disposed of as stated below :

Charged to—	
Income.....	\$70.00
Profit and loss.....	340,661.83
Investment in road and equipment.....	1,997,138.07
Open account Consolidation Account.....	463,912.60

The nature of the entries comprising the "Consolidation Account" can not be ascertained owing to the absence of accounting records. The account, at September 30, 1867, the earliest obtainable record, contained a credit balance of \$471,912.60. This account was subsequently charged with \$8,000, representing the value of inventoried equipment of The Troy, Salem & Rutland Rail Road Company, which was missing at the time of the consolidation, thus making a credit balance of \$463,912.60, which was closed out in 1871 by charging the account with a like amount of the discount on capital stock. The details of the individual issues of securities will be found in the accounting report here-inbefore referred to.

Nonnegotiable debt to affiliated companies.—From 1871 to 1892 the carrier made improvements to the property of the Rensselaer and Saratoga amounting to \$4,000,000, charging the latter in open account. The Rensselaer and Saratoga issued a like amount of capital stock in repayment.

Short-term notes.—In addition to the foregoing, the Rensselaer and Saratoga, during the years 1868 to date of valuation, issued and retired short-term notes for temporary financing, aggregating \$455,084.84 for which the considerations

received were \$107,484.65 cash and \$347,600.19 in settlement of current liabilities. The entire amount was retired with a like amount of cash. There is no record of notes prior to 1868.

RESULT OF CORPORATE OPERATIONS

Income account.—The income account of the Rensselaer and Saratoga for the year ending on date of valuation, and for the period October 1, 1866, to date of valuation, follows.

	Year	Period
Operating income:		
Railway operating revenues.....		\$6,769,680.99
Railway operating expenses.....		4,666,678.25
Net revenue from railway operations.....		2,103,002.74
Railway tax accruals.....		340,774.86
Railway operating income.....		1,762,227.88
Nonoperating income:		
Hire of equipment.....		5,431.91
Joint-facility rent income.....		53,058.27
Income from lease of road.....	\$1,000.00	44,750.00
Miscellaneous rent income.....	800.00	33,400.00
Dividend income.....		70,062.87
Income from funded securities.....	2,897.11	75,181.33
Income from unfunded securities and accounts.....		52,931.93
Total.....	4,697.11	334,816.91
Gross income.....	4,697.11	2,097,044.19
Deductions from gross income:		
Hire of equipment.....		3,388.86
Joint-facility rents.....		7,500.00
Rent for leased roads.....		366,079.49
Miscellaneous rents.....		9,383.97
Miscellaneous tax accruals.....		22,857.20
Interest on unfunded debt.....	888.60	549,333.45
Maintenance of investment organization.....	9,756.73	155,994.88
Total.....	10,645.33	1,114,537.85
Net income.....		982,506.34
Net loss.....	5,948.22	
Income balance transferred to credit of profit and loss.....		982,506.34
Debit of profit and loss.....	5,948.22	

If certain delayed-income items in the profit and loss account were transferred to the income account for the entire period, the credit balance carried to profit and loss would be increased to \$985,001.16.

Profit and loss account.—The profit and loss account of the Rensselaer and Saratoga on date of valuation, follows.

Credits:

Credit balance transferred from income—

For period Oct. 1, 1866, to Apr. 30, 1871..... \$993,911.00

Less deficit for period May 1, 1871, to date of

valuation..... 11,404.66

\$982,506.34

Delayed-income credits—

Railway operating revenues..... 318.30

Dividend income..... 11,244.00

11,562.30

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Credits—Continued.

Miscellaneous credits—

Proceeds from sale of old material.....	\$41,795.07	
Collection of old accounts.....	1,213.63	
Adjustment of balance sheet accounts.....	116,576.25	
Refund by New York Central and Hudson River Railroad Com- pany of one-third of cost of de- pot grounds at Schenectady, New York.....	\$7,777.32	
Less proportion paid to lessee....	3,888.66	
		3,888.66
Profit on sale of investment securities.....		3,806.57
Adjustment of book value of investment securities.....		195.00
Credit balance to Sept. 30, 1866, details not available.....	229,078.05	
		<u>\$396,553.23</u>
Total		<u>1,390,621.87</u>

Debits:

Dividend appropriations of surplus.....		874,750.00
Stock discount extinguished through surplus.....		299,086.83
Debt discount extinguished through surplus.....		41,575.00
Delayed-income debits, railway operating expenses.....		9,067.48
Miscellaneous debits—		
Adjustment of balance sheet accounts.....	\$7,089.29	
Counterfeit money written off.....	45.00	
Liabilities of The Saratoga & Whitehall Rail Road Company assumed in the acquisition of its property.....		35.76
Uncollectible accounts written off.....	1,709.66	
Depreciation on equipment written off.....	26,892.51	
Refund of excess insurance collected on cars destroyed.....		122.62
Unexplained cash payments.....	10,757.59	
Loss on investment securities.....	56,888.86	
Expenditures for land—		
Poultney, Vt.....	\$277	
Rutland, Vt.....	300	
For extension of The Glens Falls Rail Road Company to Lake George.....	\$15,500	
Less proportion paid by lessee	10,000	
		<u>5,500</u>
		6,077.00
Adjustment of book value of investment securities.....		547.60
Other	2,350.20	
		<u>112,516.09</u>
Credit balance on date of valuation.....		53,626.47
Total.....		<u>1,390,621.87</u>

INVESTMENT IN ROAD AND EQUIPMENT

On date of valuation the road and equipment investment account of the Rensselaer and Saratoga showed a balance of \$11,524,552.13, which had been established as follows:

Property acquired:

The Troy, Salem & Rutland Rail Road Company—		
Par value of capital stock issued.....	\$800,000.00	
Par value of funded debt assumed.....	500,000.00	
		\$1,300,000.00
The Saratoga & Whitehall Rail Road Company—		
Par value of capital stock issued.....	218,900.00	
Par value of capital stock issued in cancellation of stock owned which had previously been acquired at a total cost of \$101,375 of cash and a par value of \$250,000 of mortgage bonds issued.....	281,100.00	
Par value of funded debt assumed.....	400,000.00	
		900,000.00
The Glens Falls Rail Road Company—		
Recorded money outlay—		
Cancellation of advances... \$66,890.42		
Assumption of liabilities for advances made by the carrier	206,431.35	
		273,321.77
Par value of funded debt issued.....	99,000.00	
		372,321.77
Total.....		2,572,321.77
Road constructed, recorded cost of road constructed to September 30, 1868, for which the character of considerations paid could not be determined due to the absence of accounting records:		
Road	\$1,227,986.32	
Equipment	479,335.00	
		1,707,321.32
Additions and betterments:		
Recorded money outlay for road—		
Expenditures by the Rensselaer and Saratoga	692,775.76	
Advances by the carrier.....	3,448,264.88	
		4,141,040.64
Less proceeds from sale of land and buildings	3,550.00	
		4,137,490.64

Additions and betterments—Continued.

Recorded money outlay for equipment—	
Expenditures by the Rensselaer and Saratoga-----	\$428,254.15
Advances by the carrier-----	140,724.00
	<hr/>
	568,978.15
Less for retirements and depreciation written off-----	32,809.14
	<hr/>
	536,169.01
	<hr/>
Total-----	\$4,673,659.65
Other items:	
Apparent overcharge to construction at Sept. 30, 1871, being unexplained difference between total of journal entry and amount posted in ledger-----	\$43,568.09
Apparent duplication of charge for acquiring the property of The Glens Falls Rail Road Company, by setting up the original cost to date of that property in addition to the acquisition cost to the Rensselaer and Saratoga previously charged to this amount-----	456,431.35
Amount purporting to represent cost of property of The Salem and Rutland Railroad Company, to which title was not obtained but which is held under lease in perpetuity-----	150,632.11
Par value of capital stock issued as bonus to stockholders to represent excess value of property acquired over securities issued for same-----	400,000.00
Discount on capital stock issued-----	1,237,138.07
Discount on funded debt issued-----	3,900.00
Par value of bonds issued to secure the latter's guarantee of interest on funded debt of the lessor-----	75,000.00
Liability assumed for advances made by the carrier for additions and betterments to the property of the Albany and Vermont prior to the assignment of lease by the Rensselaer and Saratoga-----	204,579.77
	<hr/>
	2,571,249.39
	<hr/>
Grand total-----	11,524,552.13

If the total of the "other items," which are self-explanatory, be eliminated from the road and equipment investment account, and a credit applied for the \$8,000 of bonds of The Troy, Salem & Rutland Rail Road Company received in lieu of an equivalent amount of equipment; and if the excess payment of \$70,275 for capital stock of The Saratoga & Whitehall Rail Road Company, together with \$35.76 of liabilities of the latter assumed and charged to profit and loss, be added, the balance in the road and equipment account would be

decreased to \$9,015,613.50. This balance would comprise the following outlays:

Recorded money outlay, including \$3,795,420.23 of advances made by the carrier.....	\$5,084,715.56
Par value of capital stock issued.....	1,018,900.00
Par value of bonds issued or assumed.....	1,249,000.00
Other charges not assignable specifically to any one or more of the classes of outlay above stated.....	1,707,357.08
Less deductions not assignable specifically to any one or more of the classes of outlay above stated:	
Par value of bonds received.....	8,000.00
Proceeds from sale of land and buildings.....	3,550.00
Equipment retired including depreciation written off.....	32,809.14

This balance does not include an expenditure of \$6,077 for land charged to profit and loss, nor a credit to the same account of \$3,888.66 for refund of part of the cost of depot grounds at Schenectady. The balance may also include the cost of lands classified as noncarrier, and of lands classified as partly carrier and partly noncarrier. It may also include that part of the costs of property abandoned, sold, or destroyed, in excess of the credits made to the account for salvage, proceeds from sale, and loss from such property.

ORIGINAL COST TO DATE

The constituent parts of the stated outlays for road, classified according to the companies under which they were made, are shown in the following statement:

Road	Money outlay	Considerations unknown	
		State reports	Other
The Troy, Salem & Rutland Rail Road Company.....		\$338,688.87	
The Rutland and Washington Rail Road Company (including cost of The Salem and Rutland Railroad Company, leased in perpetuity).....		1,213,507.19	
The Saratoga & Whitehall Rail Road Company.....	\$4,105.19		
The Saratoga and Washington Railroad Company.....		1,757,238.06	
The Glens Falls Rail Road Company:			
Cash.....	273,321.77		
Mortgage bonds issued.....			99,000.00
Excess of sworn report to State over known considerations.....		84,169.58	
Rensselaer and Saratoga:			
Cash.....	4,141,040.64		
Reported outlay to Sept. 30, 1867, less credits from proceeds of sale of land and buildings.....			1,224,436.32
Carrier, cash expenditures for improvements on leased railway property, charged to its road and equipment investment account.....	1,894,170.21		
Total.....	6,312,637.81	3,393,543.70	1,323,436.32

These amounts do not include \$6,077 for land charged to profit and loss, nor the credit to the same account for \$3,888.66 representing refund of a portion of the cost of station grounds at Schenectady.

Cost of lands.—The Rensselaer and Saratoga reports the original cost of all lands owned, including both carrier and noncarrier, as \$942,790.51. In verifying the returns a net deduction of \$143,689.04 was made as not properly constituting land costs. The resulting balance of \$799,101.47, made up in part of costs supported by accounting records and in part of substantial deed

considerations and other amounts, which the Rensselaer and Saratoga claims to represent costs but which are not supported by accounting records, may be classified as follows:

Classification	Costs supported by accounting records	Costs not supported by accounting records
Carrier lands owned, leased to the carrier:		
In New York.....	\$347,741.59	\$336,288.63
In Vermont.....	11,533.00	45,279.60
Total.....	359,274.59	381,568.23
Rights in public domain, owned but leased to the carrier, in New York.....	400.00	8,293.50
Rights in private lands, owned but leased to the carrier, in Vermont.....	165.00	-----
Lands classified as noncarrier, owned in New York.....	4,521.75	10,982.00
Lands classified as partly carrier and partly noncarrier, owned in New York.....	22,535.01	11,380.49

The foregoing amounts do not include certain lands, with costs of \$16,001.75, located on the line of the Saratoga and Schenectady, which are owned and used jointly with the carrier. These costs have been included in the report on the carrier.

IMPROVEMENTS ON LEASED RAILWAY PROPERTY

The records of the Rensselaer and Saratoga show no investment in improvements on leased railway property. It expended through its lessee, the carrier, \$204,579.77 for additions and betterments to the property of the Albany and Vermont, formerly held by the Rensselaer and Saratoga under a lease, which was assigned to the carrier upon the latter's lease of the property of the Rensselaer and Saratoga. This expenditure was charged by the Rensselaer and Saratoga to its own road and equipment investment account.

INVESTMENTS IN OTHER COMPANIES

The investment of the Rensselaer and Saratoga in other companies is shown in the text of the report. The book value was reduced to \$522,447.87, by adjustments of \$3,567.23 through profit and loss.

The stocks owned by the Rensselaer and Saratoga in The Troy Union Rail Road Company and The Champlain Transportation Company have been held by the carrier since May 1, 1871, by assignment under the terms and for the duration of the latter's lease of the Rensselaer and Saratoga's property.

In addition to the foregoing securities, the Rensselaer and Saratoga acquired with the property of The Troy, Salem & Rutland Rail Road Company, the latter's holdings of capital stock of The Salem and Rutland Railroad Company of a par value of \$300,000. Inasmuch as the Rensselaer and Saratoga operates the property of the latter under a lease in perpetuity, it evidently ascribed no value to this stock and has omitted it from the general balance sheet statement.

LEASED RAILWAY PROPERTY

The Rensselaer and Saratoga, in succeeding to the franchises, rights, and privileges of The Troy, Salem & Rutland Rail Road Company, acquired a lease in perpetuity, free of rent, of The Salem and Rutland Railroad Company, extending from the New York-Vermont State line to Rutland, Vt., a distance of 33.074 miles. The property of the Rensselaer and Saratoga was leased on May 1, 1871, for the term of its charter to January 1, 2500, to the carrier. The terms
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of the lease and the rental accrued for the year ending on date of valuation are given in the section on leased railway property in the report on the carrier. With this lease the carrier took over also the operation of The Salem and Rutland Railroad Company's railroad.

Predecessors of the Rensselaer and Saratoga

THE GLENS FALLS RAIL ROAD COMPANY

INTRODUCTORY

There were no accounting or other records of The Glens Falls Rail Road Company obtainable, and the information submitted herein was obtained from its sworn reports to the State of New York and the records of the Rensselaer and Saratoga and of the carrier.

CORPORATE HISTORY

The Glens Falls Rail Road Company was incorporated July 26, 1867, under the general laws of New York. On July 31, 1906, it was merged into the Rensselaer and Saratoga. Prior to its merger it was controlled by the latter company through ownership of its entire capital stock.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

At its demise the property of The Glens Falls Rail Road Company consisted of a single-track standard-gauge railroad extending from Fort Edward to Lake George, N. Y., approximately 14.46 miles. That portion of its road from Fort Edward to Glens Falls, N. Y., about 5.40 miles in length, was constructed during the year 1869, partly by independent contractors (Culver and Hatfield) under supervision of the Rensselaer and Saratoga, and partly by forces of the latter which acquired it upon completion, June 24, 1869. During the year 1882 an extension of the road to Caldwell (now Lake George), N. Y., about 9.06 miles, authorized by a special act of New York of March 14, 1873, was constructed under contract with John O'Brien and John C. Rodgers, independent contractors. The cost of constructing the extension was assumed by the Rensselaer and Saratoga.

HISTORY OF CORPORATE FINANCING

The authorized capital stock was \$200,000, divided into shares of \$25 each. There was issued for unknown considerations \$96,600, and this amount was outstanding at demise of The Glens Falls Rail Road Company.

The Glens Falls Rail Road Company had an authorized funded debt consisting of \$125,000 of first-mortgage 7 per cent bonds, due July 1, 1894. These bonds were not issued by The Glens Falls Rail Road Company and do not appear as a liability outstanding at date of demise. They were turned over to the Rensselaer and Saratoga, which had assumed the liability for the issue under terms of its lease of The Glens Falls Rail Road Company. The Rensselaer and Saratoga delivered a par value of \$99,000 of the bonds to Culver and Hatfield, contractors in the construction of the railroad of The Glens Falls Rail Road Company, and sold the balance of \$26,000 for \$22,100 cash, charging the discount of \$3,900 thus incurred to its own road and equipment investment account.

AIDS, GIFTS, GRANTS, AND DONATIONS

The New York Legislature authorized the town of Queensbury and the villages of Sandy Hill and Fort Edward, subject to the approval of their taxable residents, to donate in aid of construction of the railroad of The Glens Falls Rail Road Company certain sums not exceeding an aggregate amount of \$145,000, as follows:

	Date	Amount
Town of Queensbury.....	Authorized May 15, 1867.....	\$100,000
Village of Sandy Hill.....	Authorized May 23, 1867, and amended Mar. 18 and Apr. 24, 1868.	25,000
Village of Fort Edward.....		20,000

What amount, if any, of the authorized donations were received by The Glens Falls Rail Road Company can not be ascertained.

INVESTMENT IN ROAD AND EQUIPMENT

The sworn report of the Glens Falls Rail Road Company to the Railroad Commission of New York for June 30, 1906, states the investment in road (the company owned no equipment) as \$456,431.35. This amount is made up as follows: Original construction under contract, \$250,000; additions and betterments, \$206,431.35; total, \$456,431.35. This balance is composed of the following elements:

Recorded money outlay:

By the carrier..... \$206,431.35
 By the Rensselaer and Saratoga..... 66,890.42

\$273,321.77

Funded debt issued by the Rensselaer and Saratoga, par value... 99,000.00
 Other, for which the considerations given were unascertainable... 84,109.58

The accounting records of the carrier and the Rensselaer and Saratoga state that other money outlays were made, in addition to those stated above, which were charged in their respective accounts to profit and loss. These outlays were as follows:

Preliminary surveys made in 1872 and 1873..... \$1,742.66
 Expenditures for land for extension of The Glens Falls Rail Road Company to Lake George, \$15,500, less proportion paid by the carrier, \$10,000..... 5,500.00
 Total..... 7,242.66

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property owned and used by The Glens Falls Rail Road Company at July 31, 1906, can not be definitely ascertained owing to the entire absence of the accounting records of The Glens Falls Rail Road Company and those of the contractors who constructed the original road. In its sworn statement to the Railroad Commission of New York for June 30, 1906, the cost of the road, exclusive of equipment, is shown as \$456,431.35, comprising the outlays in money and securities hereinbefore stated. The extension from Glens Falls to Lake George, about 9.06 miles, 116 I. C. C.

was constructed in 1882. A classified statement, taken from the records of the carrier, shows that these expenditures consisted of the following:

Engineering and agencies -----	\$5,954.82
Land and land damages -----	11,808.95
Graduation and masonry -----	73,213.51
Bridges -----	400.00
Superstructure -----	71,395.09
Fencing -----	6,305.97
Telegraph line -----	1,056.98
Passenger and freight stations and buildings -----	21,337.27
Engine and car houses and fixtures -----	1,349.18
Water and fuel stations -----	1,528.67
Slips and wharves -----	12,080.91
Total -----	206,431.35

LEASED RAILWAY PROPERTY

The Rensselaer and Saratoga's lease of the property of The Glens Falls Rail Road Company was in consideration of an annual rental of \$1, the maintenance of the property, and the payment of taxes. The original lease, dated June 24, 1869, was superseded by a new lease of similar terms dated January 9, 1882, embracing the property as extended to Lake George.

THE TROY, SALEM & RUTLAND RAIL ROAD COMPANY

INTRODUCTORY

There were no accounting or other records of The Troy, Salem & Rutland Rail Road Company obtainable, and the information herein submitted was secured from the return of the carrier on corporate history and the records of the Rensselaer and Saratoga.

CORPORATE HISTORY

The Troy, Salem & Rutland Rail Road Company was incorporated June 3, 1865, under the general laws of New York, for the purpose of acquiring the properties of the Troy & Rutland Rail-road Company and The Rutland and Washington Rail-Road Company, which had been sold in foreclosure of defaulted mortgages to Jay Gould and William T. Hart, respectively.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The property acquired by Gould consists of a single-track standard-gauge railroad extending from Eagle Bridge to Salem, N. Y., about 17.4 miles, and was conveyed to The Troy, Salem & Rutland Rail Road Company June 3, 1865. The property acquired by Hart was conveyed by him to The Troy, Salem & Rutland Rail Road Company June 30, 1865, and comprised approximately 15 miles of single-track standard-gauge railroad between Salem and the New York-Vermont State line. The railroad owned by The Troy, Salem & Rutland Rail Road Company was located entirely in the State of New York and was operated by the Rensselaer and Saratoga from the time The Troy, Salem & Rutland Rail Road Company acquired it until October 20, 1868, when The Troy, Salem & Rutland Rail Road Company was merged with the Rensselaer and Saratoga under an agreement dated June 15, 1865. The Troy, Salem & Rutland Rail

Road Company on March 19, 1867, under a lease in perpetuity of even date, acquired the property of The Salem and Rutland Railroad Company, extending from the New York-Vermont State line to Rutland, Vt., approximately 33.074 miles. It subsequently acquired the entire capital stock of the lessor, and on October 10, 1867, the latter released The Troy, Salem & Rutland Rail Road Company from all its obligations under the lease.

HISTORY OF CORPORATE FINANCING

The Troy, Salem & Rutland Rail Road Company issued capital obligations amounting to \$1,300,000 consisting of capital stock, \$800,000, divided into shares of \$100 each, and first-mortgage 7 per cent bonds due May 1, 1890, \$500,000, none of which was retired. The considerations received in issue are not of record. The considerations recited in the deeds from Jay Gould and William T. Hart conveying the properties formerly owned by the Troy and Rutland Railroad Company and The Rutland and Washington Rail-Road Company were \$600,000 and \$400,000 respectively, in addition to which The Troy, Salem & Rutland Rail Road Company acquired capital stock of The Salem and Rutland Railroad Company with a total par value of \$500,000.

RESULT OF CORPORATE OPERATIONS

During the period that The Troy, Salem & Rutland Rail Road Company was operated under lease by the Rensselaer and Saratoga the latter paid the interest on The Troy, Salem & Rutland Rail Road Company's funded debt, maintained its property, and paid all taxes, and at its discretion paid dividends of the net profits from the operation.

INVESTMENT IN ROAD AND EQUIPMENT

No statement of The Troy, Salem & Rutland Rail Road Company's investment in road and equipment at its demise can be made.

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property owned and used by The Troy, Salem & Rutland Rail Road Company on date of demise can not be determined because of the lack of adequate records. As hereinbefore stated, The Troy, Salem & Rutland Rail Road Company's property consisted of the property of other companies acquired by it, the approximate cost of which is stated in the reports of The Troy, Salem & Rutland Rail Road Company's constituents. The cost of the railroad of the Troy & Rutland Rail-Road Company to September 30, 1855, as shown in its sworn report to the New York State engineer, was \$338,688.87. The cost of the railroad of The Rutland and Washington Rail-Road Company to September 30, 1853, including that portion in Vermont acquired by The Salem and Rutland Railroad Company, which can not be stated separately, was shown in its sworn report to the New York State engineer as \$1,213,507.19. Combining these amounts, a total of \$1,552,196.06 is obtained, which amount includes the cost of The Salem and Rutland Rail Road Company.

LEASED RAILWAY PROPERTY

The Troy, Salem & Rutland Rail Road Company's lease of The Salem and Rutland Railroad Company's property dated March 19, 1867, stipulated an annual rental of a three-eighth's part of the lessee's net income, the maintenance

of the property, and the payment of taxes. The lessor, on October 22, 1867, released the lessee from all obligations under the terms of its lease. From the time it was acquired by The Troy, Salem & Rutland Rail Road Company, The Salem and Rutland Railroad Company's line was operated by the Rensselaer and Saratoga as part of The Troy, Salem & Rutland Rail Road Company's property.

THE SALEM AND RUTLAND RAILROAD COMPANY

INTRODUCTORY

No accounting or other records of The Salem and Rutland Railroad Company were obtainable, and the information herein submitted was obtained from the returns of the carrier on corporate history.

CORPORATE HISTORY

The Salem and Rutland Railroad Company was incorporated February 1, 1867, under the general laws of Vermont, and was formed to protect the first-mortgage bondholders of The Rutland and Washington Rail-Road Company. It acquired that portion of the latter's railroad in Vermont extending from the New York-Vermont State line to Rutland, Vt., about 33.074 miles, which by a decree of the chancery court for Rutland County, Vt., had been awarded the trustees of the first mortgage under a writ of possession by strict foreclosure dated April 22, 1865.

RESULT OF CORPORATE OPERATIONS

The records do not show that the company at any time operated its property. By a lease in perpetuity dated March 19, 1867, it conveyed its property to The Troy, Salem & Rutland Rail Road Company for an annual rental of a three-eighths part of the lessee's net income, the maintenance of the property, and the payment of taxes. The lessee subsequently acquired the entire capital stock of The Salem and Rutland Railroad Company and, on October 10, 1867, the latter released the lessee from all its obligations under the terms of lease. The Rensselaer and Saratoga upon its acquisition of the property of The Troy, Salem & Rutland Rail Road Company acquired the latter's rights in The Salem and Rutland Railroad Company and has since then operated its property.

HISTORY OF CORPORATE FINANCING

The authorized capital stock was \$300,000, divided into shares of \$50 each and was issued in exchange for the first-mortgage bonds of The Rutland and Washington Rail-Road Company and in settlement of interest thereon due and unpaid.

INVESTMENT IN ROAD AND EQUIPMENT

No statement of The Salem and Rutland Railroad Company's investment in road and equipment is obtainable. The company's property was formerly part of that of The Rutland and Washington Rail-Road Company, and its cost is included in the accounting report of the latter company.

LEASED RAILWAY PROPERTY

The Salem and Rutland Railroad Company continues as a nominally existent corporation, the Rensselaer and Saratoga paying it a nominal annual amount for organization expenses.

RUTLAND AND WASHINGTON RAIL-ROAD COMPANY

INTRODUCTORY

No accounting or other records of the Rutland and Washington Rail-Road Company were obtainable. The information herein submitted was secured from its sworn reports to the Railroad Commission of Vermont and to the New York State engineer, and from the return of the carrier on corporate history.

CORPORATE HISTORY

The Rutland and Washington Rail-Road Company was incorporated under special laws of Vermont passed November 13, 1847, and November 12, 1849, by which it was authorized to construct a railroad from Rutland, Vt., to the New York-Vermont State line; and, under a perpetual lease, free of rent, dated June 24, 1850, it acquired the franchise rights of the Troy & Rutland Rail-road Company for the construction of a railroad from Salem, N. Y., to the New York-Vermont State line. It acquired by construction during the years 1851 and 1852 a single-track standard-gauge railroad, extending from Salem to Rutland, about 48.074 miles, which is operated together with that of the Troy & Rutland Railroad Company, acquired under lease, from July 2, 1852, until May, 1854, when the Rutland and Washington Rail-Road Company leased its property to Thomas H. Canfield. In May, 1855, in default of the payment of interest on its second and third mortgages, the Rutland and Washington Rail-Road Company was placed in receivership. While the records do not disclose the fact, the lessee of the Rutland and Washington Rail-Road Company apparently also operated the road of Troy & Rutland Rail-road Company until the latter was placed in receivership March 5, 1855.

Under sale, March 15, 1865, in foreclosure of the second and third mortgages, that portion of the Rutland and Washington Rail-Road Company's road within the State of New York extending from Salem to the New York-Vermont State line was acquired by William T. Hart, on behalf of the Rutland and Washington Rail-Road Company's stockholders, by referee's deeds dated May 23, 1865. Under a decree of the chancery court for Rutland County, Vt., dated April 22, 1865, the trustees of the first mortgage were awarded a writ of possession by strict foreclosure of that portion of the road within the State of Vermont, extending from the New York-Vermont State line to Rutland, Vt. The road acquired by Hart was conveyed on June 30, 1865, to The Troy, Salem & Rutland Rail Road Company, and that portion acquired by the first-mortgage bondholders became the property of The Salem and Rutland Rail-Road Company, which was incorporated February 1, 1867, to protect holders of the first-mortgage bonds of the Rutland and Washington Rail-Road Company.

HISTORY OF CORPORATE FINANCE

In its report to the Railroad Commission of Vermont, the Rutland and Washington Rail-Road Company states its capital stock as \$950,000, divided into shares of \$100 each, and that this amount was issued for a like amount of cash. Funded debt was authorized for \$2,000,000, consisting of \$250,000 first-mortgage 6 per cent bonds, payable in annual installments of \$25,000 each, commencing July 1, 1855; \$550,000 second-mortgage 7 per cent convertible bonds, due October 1, 1867, with privilege of prior conversion into stock at par; and \$1,200,000 third-mortgage 6 per cent bonds, due April 1, 1875. The exact amount of funded debt issued can not be stated. The decree of the court of chancery for Rutland County, in foreclosure of the first mortgage, recites that \$225,000 of the first-

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mortgage bonds were issued at par in payment for rail used in construction, and that of the second-mortgage bonds, \$55,000 were actually issued and \$495,000 pledged. The consideration received in the issue, if any, of the \$25,000 remaining first-mortgage bonds and of the \$55,000 second-mortgage bonds is not of record. In its report to the Railroad Commission of Vermont for the year ended August 31, 1856, the Rutland and Washington Rail-Road Company states that the purpose of the issue of \$1,200,000 third-mortgage bonds was to retire the outstanding funded debt by exchange at par and the payment of floating indebtedness. The amount issued can not be stated from obtainable records.

INVESTMENT IN ROAD AND EQUIPMENT

In its report to the New York State engineer for the year ended September 30, 1853 (the only report giving the information), the Rutland and Washington Rail-Road Company states its investment in road and equipment as \$1,440,907.19, made up of the following classification:

Road:

Graduation, masonry, bridges, and superstructure, including iron, as per contract.....	\$1, 156, 322. 09
Passenger and freight stations, buildings, and fixtures.....	12, 009. 05
Engine and car houses, machine shops, machinery, and fixtures	45, 176. 05
Total	1, 213, 507. 19

Equipment:

Locomotives and fixtures, and snowplows.....	73, 000. 00
Passenger and baggage cars.....	15, 600. 00
Freight and other cars.....	138, 800. 00
Total	227, 400. 00
Grand total.....	1, 440, 907. 19

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property owned by the Rutland and Washington Rail-Road Company on June 30, 1865, can not be definitely ascertained owing to the entire absence of the accounting records of the Rutland and Washington Rail-Road Company and those of the contractor who constructed the original road. In its sworn report to the New York State engineer for September 30, 1853, the cost of the road, exclusive of equipment, is shown as \$1,213,507.19, but the nature of the considerations given for the property are not of record.

LEASED RAILWAY PROPERTY

During May, 1854, the Rutland and Washington Rail-Road Company leased its property for a term of five years to Thomas H. Canfield at an annual rental of \$70,000. In May, 1855, the lessee surrendered the property to the Rutland and Washington Rail-Road Company's receiver. The Rutland and Washington Rail-Road Company, on July 2, 1852, leased the Troy & Rutland Rail-road Company, extending from Eagle Bridge to Salem, N. Y., about 17.4 miles, for a term of 47 years under an agreement dated June 17, 1852. The lease stipulated an annual rental of \$16,000, the maintenance of the property, and the payment of taxes. The property was given up to the lessor's receiver March 5, 1855.

TROY & RUTLAND RAIL ROAD COMPANY

INTRODUCTORY

There were no accounting or other records of the Troy & Rutland Rail Road Company obtainable and the information here submitted is taken from its sworn reports to the New York State engineer and the returns of the carrier on corporate history.

CORPORATE HISTORY

The Troy & Rutland Rail Road Company was incorporated July 2, 1849, under the general laws of New York and a special act of the New York Legislature passed April 10, 1849, by which it acquired a franchise to construct and operate a railroad from Troy, N. Y., to the New York-Vermont State line. By lease in perpetuity, free of rent, dated June 24, 1850, the Troy & Rutland Rail Road Company conveyed its franchise rights for that portion of the railroad between Salem, N. Y., and the New York-Vermont State line to the Rutland Rail-road Company. The railroad constructed was located in the State of New York, and upon its completion was acquired by The Rutland & Washington Rail-road Company under a lease for 47 years from July 2, 1852. The lessee operated the property until March 5, 1855, when the Troy & Rutland Rail Road Company, in default of interest payments on its second and third mortgage bonds, was placed in the hands of a receiver, who operated it from that date until June 3, 1865. The property was sold July 11, 1863, in foreclosure of the second and third mortgages, and conveyed by referee's deed of the same date to Jay Gould in behalf of the respective bondholders, and on June 3, 1865, conveyed by him to The Troy, Salem & Rutland Rail Road Company.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The Troy & Rutland Rail Road Company constructed a single-track standard-gauge railroad, extending from Eagle Bridge to Salem, N. Y., approximately 17.4 miles, which was completed in 1852.

HISTORY OF CORPORATE FINANCING

The Troy & Rutland Rail Road Company reports to the New York State engineer indicate that it issued capital obligations amounting to \$495,000, of which \$10,000 was retired, leaving \$485,000 outstanding at its demise. A summary of the issues and retirements, and the amount outstanding, together with a summary of considerations received and paid in retirement, is as follows:

Description	Issued	Retired	Out-standing
Capital stock.....	\$325,000		\$325,000
Funded debt.....	170,000	\$10,000	160,000
Total.....	495,000	10,000	485,000

The authorized capital stock was \$325,000, divided into shares of \$100 each, and this amount was issued for unknown considerations. Funded debt issued consisted of \$100,000 of first-mortgage 7 per cent bonds, due in annual installments of \$10,000 each from July 1, 1861; \$50,000 of second-mortgage 7 per cent bonds, due in annual installments of \$10,000 each from January 1, 1864; and 116 I. C. C.

\$20,000 third-mortgage 7 per cent bonds, due July 1, 1875. The considerations received in any issue can not be ascertained. Of the \$100,000 of first-mortgage bonds issued, \$10,000 was retired in 1861, apparently for cash.

INVESTMENT IN ROAD AND EQUIPMENT

The Troy & Rutland Rail-road Company owned no equipment. The last report to the New York State engineer for September 30, 1855, states the investment in road as \$338,688.87, and classifies this amount as follows:

Construction by contract, including graduation and masonry and bridges and superstructure-----	\$277, 305. 06
Engineering and agencies-----	27, 261. 84
Land, land damages, and fences-----	31, 227. 73
Buildings and fixtures-----	2, 894. 24
Total -----	338, 688. 87

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property owned and used by the Troy & Rutland Rail-road Company on June 3, 1865, can not be definitely ascertained owing to the entire absence of accounting records of the Troy & Rutland Rail-road Company and those of the contractors who constructed the original road. In its sworn report to the New York State engineer for September 30, 1855, the cost of the road is shown as \$338,688.87, consisting of indeterminate outlays.

LEASED RAILWAY PROPERTY

The Troy & Rutland Rail-road Company leased its property to The Rutland and Washington Rail-Road Company for a term of 47 years from July 2, 1852, in consideration of an annual rental of \$16,000, the maintenance of the property, and the payments of taxes. In addition, the Troy & Rutland Rail-road Company was to receive one-half of the net earnings of its lessee and the Albany Northern Rail Road, a connection of the lessee, in excess of 4 per cent on the combined cost of the three properties.

THE SARATOGA & WHITEHALL RAIL ROAD COMPANY

INTRODUCTORY

There are no accounting or other records of The Saratoga & Whitehall Rail Road Company obtainable, and the information here submitted is taken from its sworn reports to the New York State engineer, the records of its lessee, the Rensselaer and Saratoga, and the corporate history of the carrier.

CORPORATE HISTORY

The Saratoga & Whitehall Rail Road Company was incorporated June 7, 1855, for a term of 99 years under the general laws of New York. The date of its organization is not of record. It was controlled by the Rensselaer and Saratoga through the latter's ownership of 2,811 shares of its capital stock out of a total issue of 5,000 shares. The Saratoga & Whitehall Rail Road Company operated its property, together with that of the Rutland and Whitehall, acquired from May 1, 1856, under perpetual lease until March 14, 1865,

when the operation of both the line of the Saratoga & Whitehall Rail Road Company and its leased line was taken over by the Rensselaer and Saratoga by lease of the Saratoga & Whitehall Rail Road Company and assignment of the latter's lease of the Rutland and Whitehall. Effective October 20, 1868, the property of the Saratoga & Whitehall Rail Road Company was consolidated and merged with that of its lessee, The Rensselaer and Saratoga, under an agreement dated June 15, 1865, which, during the interim between its date and the consolidation and merger, operated as a lease, superseding that in force from March 14, 1865.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The Saratoga and Whitehall Rail Road Company built no road, but acquired, subject to certain of its mortgage bonds, the property of The Saratoga and Washington Rail-road Company, which had been sold under foreclosure of a defaulted second mortgage. The property acquired consisted of a single-track standard-gauge railroad, extending from Saratoga Springs to Lake Station (Whitehall), N. Y., about 40.95 miles, with a branch line from Whitehall to the New York-Vermont State line of about 6.59 miles in length, or a total of about 47.54 miles. A summary of the mileage owned at demise and operated by the Saratoga & Whitehall Rail Road Company prior to its lease to the Rensselaer and Saratoga, with the method of acquisition, is as follows:

	Date acquired	Mileage
Property owned, acquired in reorganization of The Saratoga and Washington Rail-road Company:		
Main line, Saratoga Springs to Lake Station (Whitehall), N. Y.-----	June 7, 1855	40.95
Branch line, Whitehall, N. Y., to New York-Vermont State line-----	June 7, 1855	6.59
Total-----		47.54
Property leased, The Rutland and Whitehall, New York-Vermont State line to Castleton, Vt.-----	May 1, 1856	6.79
Total operated-----		54.11

HISTORY OF CORPORATE FINANCING

In its sworn report to the New York State engineer, The Saratoga & Whitehall Rail Road Company states that it issued and assumed capital obligations amounting to \$1,295,000, of which \$395,000 was retired, leaving \$900,000 outstanding.

A summary of the issues and retirements, and the amount outstanding, together with the considerations received and paid in retirement, follows:

Description	Issued and assumed	Retired	Out-standing
Capital stock-----	\$500,000		\$500,000
Funded debt-----	795,000	\$395,000	400,000
Total-----	1,295,000	395,000	900,000

Capital stock, common.—In its sworn report to the New York State engineer The Saratoga & Whitehall Rail Road Company states authorized capital stock as \$500,000, and this amount was issued in the acquisition of the property of The Saratoga and Washington Rail-road Company.

Funded debt.—The Saratoga & Whitehall Rail Road Company had four issues of funded debt, of which three had been retired at October 20, 1868, leaving one outstanding. The detail of each issue follows: The Saratoga and Washington Rail-road Company first-mortgage 7 per cent bonds, due March 1, 1858; assumed and retired, \$250,000; Rutland and Washington Rail-road Company extension 7 per cent bonds, due September 1, 1856; assumed and retired, \$100,000. These bonds were assumed in the acquisition of The Saratoga and Washington Rail-road Company. These bonds, together with \$40,000 par value of the mortgage 7 per cent bonds of The Saratoga & Whitehall Rail Road Company, were retired at par for \$355,000 cash and \$40,000 for unknown considerations, but due to the absence of accounting records it is not possible to state the considerations applicable to each of the series retired.

Mortgage 7 per cent bonds, due March 1, 1858, were issued and retired, \$45,000. A par value of \$36,331 of these bonds were issued in the acquisition of the property of The Saratoga and Washington Rail-road Company, and \$8,469 for a like amount of materials and supplies. The retirement was as indicated in the preceding paragraph.

First-mortgage 7 per cent bonds, due March 1, 1886, were issued and outstanding, \$400,000. These bonds were authorized to obtain funds to retire outstanding funded debt and for general purposes. The entire issue was disposed of at a discount of \$20,500 for \$379,950 cash. It is not possible to state the disposition of the discount.

RESULTS OF CORPORATE OPERATIONS

The results of corporate operations for the period June 7, 1855, to September 30, 1864, as stated by The Saratoga & Whitehall Rail Road Company in its sworn reports to the New York State engineer (the information not reported after 1864), are summarized as follows:

Railway operating revenue.....	\$1, 606, 756. 34
Railway operating expenses including taxes.....	1, 081, 149. 20
Net revenue from railway operations.....	525, 607. 14
Income from unfunded securities and accounts.....	23. 68
Gross income.....	525, 630. 82
Rent for leased roads.....	} not separable.....
Interest on funded debt.....		387, 183. 82
Total deductions from gross income.....	387, 183. 82
Net income.....	138, 447. 00
Dividend appropriations of income.....	35, 000. 00
Credit balance.....	103,447. 00

The rent for leased road and interest on funded debt was separated to September 30, 1859, only. The amounts of each to that date were \$56,862.19 and \$118,430.54, respectively. Dividends at 5 per cent were paid for the year 1856 and 2 per cent for the year 1857.

INVESTMENT IN ROAD AND EQUIPMENT

The report of The Saratoga & Whitehall Rail Road Company to the Railroad Commission of New York for September 30, 1865 (the last to give the information) is as follows:

mation), states the investment in road and equipment as \$930,207.31. This amount is made up as follows:

Property acquired, that of The Saratoga and Washington Rail-road Company:

Par value of capital stock issued.....	\$500,000.00	
Par value of funded debt assumed.....	350,000.00	
Par value of funded debt issued.....	36,531.00	
Total.....	886,531.00	

Additions and betterments, money outlay:

Road.....	\$4,105.19	} 43,676.31
Equipment \$43,153.12, less retirements \$3,582.....	39,571.12	
Total.....	930,207.31	

This balance, so far as it is resolvable into kinds of consideration, would comprise the following classes of outlay:

Recorded money outlay.....	\$43,676.31
Capital stock issued.....	500,000.00
Funded debt issued.....	36,531.00
Funded debt assumed.....	350,000.00

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property owned by The Saratoga & Whitehall Rail Road Company October 20, 1868, can not be definitely ascertained owing to the entire absence of the accounting records of The Saratoga & Whitehall Rail Road Company, its predecessor companies, and those of the contractors who constructed the original road. The road consisted of that constructed by The Saratoga and Washington Rail-road Company, for which there are no accounting records. The cost of this road as reported to the Railroad Commission of New York was \$1,757,238.06, consisting of indeterminate outlays. As hereinbefore stated, The Saratoga & Whitehall Rail Road Company made certain additions and betterments to the road for which it made money outlays of \$4,105.19. A summary of the outlays made for the entire property is as follows: Reported outlay, \$1,757,238.06; recorded money outlay, \$4,105.19.

LEASED RAILWAY PROPERTY

The property of The Saratoga & Whitehall Rail Road Company was acquired by the Rensselaer and Saratoga on March 14, 1865, under a lease the terms of which are not ascertainable. The lease was canceled by a contract of consolidation and merger between the Rensselaer and Saratoga, The Saratoga & Whitehall Rail Road Company, and The Troy, Salem & Rutland Rail Road Company, dated June 15, 1865, which, pending the effective date of consolidation and merger, operated as a lease of The Saratoga & Whitehall Rail Road Company. During the period of this lease the lessee paid the interest on The Saratoga & Whitehall Rail Road Company's funded debt, maintained the property, paid all taxes, and at its discretion paid dividends on the net profits from the operations of the combined properties on basis of The Saratoga & Whitehall Rail Road Company's representation in the combined stock of the three companies. Prior to its lease to the Rensselaer and Saratoga, The Saratoga & Whitehall Rail Road Company operated from May 1, 1856, under a perpetual lease dated August 6, 1857, the property of the Rutland and 116 I. C. C.

Whitehall, consisting of a railroad from the New York-Vermont State line to Castleton, Vt., a distance of about 6.79 miles. The lease stipulated an annual rental of \$15,342 and an allowance of \$150 per year for the organization expenses, in addition to which the lessee maintained the property and paid all taxes. This lease was assigned to the Rensselaer and Saratoga with its lease of The Saratoga & Whitehall Rail Road Company.

THE SARATOGA AND WASHINGTON RAIL-ROAD COMPANY, PREDECESSOR OF
THE SARATOGA & WHITEHALL RAIL ROAD COMPANY

There are no accounting or other records of The Saratoga and Washington Rail-road Company obtainable, and the information herein submitted was secured from The Saratoga and Washington Rail-road Company's sworn reports to the New York State engineer and from the return of the carrier on corporate history.

CORPORATE HISTORY

The Saratoga and Washington Rail-road Company was incorporated under a special act of New York passed May 2, 1834. The Saratoga and Washington Rail-road Company operated its property until May 17, 1855, when it was conveyed by referee's deed to the trustees for its second-mortgage bondholders, who acquired it under foreclosure sale April 18, 1855. On June 8, 1855, it was conveyed by deed of the trustees to The Saratoga & Whitehall Rail Road Company.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The Saratoga and Washington Rail-road Company acquired from the Saratoga and Fort Edward Rail-road Company surveys made by that company of a line from Saratoga Springs to Fort Edward, N. Y., and constructed a railroad from Saratoga Springs through Fort Edward to Lake Station (Whitehall), N. Y., approximately 40.95 miles, together with a branch line from Whitehall to the New York-Vermont State line, about 6.59 miles. The railroad constructed was located entirely in the State of New York and was opened for operation as follows:

Saratoga Springs to Ganesvoort.....	Aug. 15, 1848.
Ganesvoort to Whitehall.....	Dec. 10, 1848.
Whitehall to New York-Vermont State line...	Oct. 1, 1850.
Whitehall to Lake Station.....	Oct. 1, 1851.

HISTORY OF CORPORATE FINANCING

The Saratoga and Washington Rail-road Company states in its reports to the New York State engineer that it issued and had outstanding at its demise securities amounting to \$1,839,900, consisting of capital stock \$899,900 and funded debt \$940,000. The authorized capital stock was \$1,350,000, divided into shares of \$100 each, and of this amount \$399,900 was issued for unknown considerations. Funded debt issued, amounting to \$940,000, included \$250,000 first-mortgage 7 per cent bonds, due March 1, 1858; \$100,000 Rutland extension 7 per cent bonds, due September 1, 1856; and \$250,000 of second-mortgage 7 per cent bonds, due January 1, 1855. What bonds made up the remainder of \$340,000, or the considerations received in any issue, can not be determined.

INVESTMENT IN ROAD AND EQUIPMENT

In its report to the New York State engineer for the year ended September 30, 1854 (the last to give the information), The Saratoga and Washington
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Rail-road Company stated its investment in road and equipment as \$1,891,993.49, classified as follows:

Road:

Engineering and agencies.....	\$82,285.16
Land, land damages, and fences.....	155,444.13
Graduation and masonry.....	824,959.98
Bridges.....	29,249.40
Superstructure and iron.....	566,001.01
Passenger and freight stations and buildings.....	60,542.61
Engine and car houses, machine shop, machinery and fixtures.....	38,755.77
Total.....	<u>1,757,238.06</u>

Equipment:

Locomotives and fixtures and snowplows.....	60,916.67
Passenger, baggage, freight, and other cars.....	73,838.76
Total.....	<u>134,755.43</u>
Grand total.....	<u>1,891,993.40</u>

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property, owned by The Saratoga and Washington Railroad Company on June 8, 1855, can not be definitely ascertained owing to the entire absence of its accounting records and those of the contractors who constructed the original road. In its sworn report to the Railroad Commission of New York for September 30, 1854, the cost of the road, exclusive of equipment, is shown as \$1,757,238.06, consisting of indeterminate outlays.

LEASED RAILWAY PROPERTY

The Saratoga and Washington Railroad Company operated the property of the Rutland and Whitehall from the date of the latter's completion, November 1, 1850, under a perpetual lease dated December 24, 1850, which lease was annulled on May 1, 1855.

SARATOGA AND FORT EDWARD RAIL ROAD COMPANY, PREDECESSOR OF THE SARATOGA AND WASHINGTON RAILROAD COMPANY

There are no accounting or other records of this company obtainable, and the information herein submitted was secured from the return of the carrier on corporate history.

CORPORATE HISTORY

The Saratoga and Fort Edward Rail Road Company was incorporated April 17, 1832, under a special act of New York. It acquired no railroad property but made surveys of a proposed railroad from Saratoga Springs to Fort Edward, N. Y., which were afterwards acquired by The Saratoga and Washington Railroad Company.

THE WEST TROY & GREEN ISLAND RAIL ROAD COMPANY

INTRODUCTORY

There are no accounting or other records obtainable, and such information as is here submitted was secured from the sworn reports rendered the State of New York, the records of the Rensselaer and Saratoga, and the return of the carrier on corporate history.

CORPORATE HISTORY

The West Troy & Green Island Rail Road Company was incorporated under the general laws of New York on October 15, 1870, in the interests of the Rensselaer and Saratoga. The purpose of incorporation was to provide the Rensselaer and Saratoga with a franchise to construct a railroad from its bridge at Green Island to a connection with the railroad of its lessor, the Albany and Vermont, at West Troy (now Watervliet), N. Y., a distance of about 1.08 miles.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

Construction of the road as planned was completed in 1873 by the carrier, and has been operated by the latter since it was opened. The road has been double-tracked for about 1.06 miles.

HISTORY OF CORPORATE FINANCING

The authorized capital stock was \$30,000, divided into shares of \$100 each. In its report to the Public Service Commission of New York for the year ended on date of valuation, it is stated that a par value of \$3,200 was issued for a like amount of cash, and that this stock is owned by the Rensselaer and Saratoga, but there is no record of such ownership to be found in the books of the latter.

THE ALBANY AND VERMONT RAIL ROAD COMPANY (ALBANY AND VERMONT)

CORPORATE HISTORY

The corporations whose franchises and properties have gone to make up the present company, and the dates of the changes in those several corporations, are shown in the following table:

Corporate name	Date of incorporation	State	Date of acquisition by successor
1. Albany and Vermont.....	Oct. 6, 1859	New York.....	Present company.
2. The Albany, Vermont and Canada Rail Road Company.	Nov. 7, 1856	.....do.....	Conveyed to 1, Sept. 22, 1859.
3. Albany Northern Rail Road....	Feb. 20, 1851	.....do.....	Conveyed to 2, Dec. 10, 1856.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The property acquired from the Albany, Vermont and Canada Rail Road Company on September 22, 1859, extending from Albany to Eagle Bridge, a distance of approximately 35 miles, had been constructed by the Albany Northern Rail Road and opened for operation in 1853. The property was conveyed by the latter to Albany, Vermont and Canada Rail Road Company on December 10, 1856. That part of the road extending from Waterford Junction to Eagle Bridge, approximately 21 miles, as a result of an action brought by the State of New York, was permanently abandoned and the tracks taken up during the early part of the year 1878. During the period the railroad between Albany and Waterford Junction was operated by the Rensselaer and Saratoga, the lessee constructed a second track over its entire length of approximately 12 miles.

HISTORY OF CORPORATE FINANCING

The records of the Albany and Vermont disclose no syndicating transactions. The Albany and Vermont issued and had outstanding on date of valuation \$600,000 in capital stock. On the acquisition of the property of The Albany, Vermont and Canada Rail Road Company, a par value of \$598,500 in capital stock was issued in exchange for a like amount of first-mortgage bonds of the Albany Northern Rail Road which had been assumed by the former company. This exchange was on the basis of the par of stock equaling 110 per cent of the bonds, the holders of the latter paying the difference of \$59,850 in cash. The Albany and Vermont assigned a book value of \$538,650 to the bonds received in this manner, charging its investment in road and equipment with a corresponding amount. The balance of its capital stock of a par value of \$1,500 was issued for \$645 cash, the discount of \$855 also being charged to investment in road and equipment.

Increase or decrease of securities in reorganization.—The capital stock of The Albany, Vermont and Canada Rail Road Company was not recognized in the reorganization. The amount of such stock outstanding at the demise of that company was \$439,004.97, which, together with the shrinkage of \$61,350 effected in the exchange of securities, made a total decrease in securities of \$500,354.97.

RESULTS OF CORPORATE OPERATIONS

Income account.—The income account of the Albany and Vermont for year ended on date of valuation, and for the period October 8, 1859, to date of valuation, is stated as follows:

	Year	Period
Railway operating revenues.....		\$36,657.65
Railway operating expenses.....		54,544.28
Net loss from railway operations.....		17,886.63
Income from lease of road.....	\$20,000.00	1,117,500.00
Miscellaneous rent income.....		150.00
Dividend income.....		8,650.00
Income from funded securities.....	200.00	8,221.69
Income from unfunded securities and accounts.....		1,554.63
Total nonoperating income.....	20,200.00	1,136,076.32
Gross income.....	20,200.00	1,118,189.69
Miscellaneous rents.....	800.00	55,777.57
Miscellaneous tax accruals.....	186.37	7,629.96
Interest on unfunded debt.....		14,517.43
Maintenance of investment organization.....	577.90	27,820.13
Total deductions from gross income.....	1,564.27	105,745.09
Income balance transferred to credit of profit and loss.....	18,635.73	1,012,444.60

If certain delayed-income items in the profit and loss account were transferred to the income account for the entire period, there would be a credit balance of \$1,009,667.48 carried to profit and loss instead of \$1,012,444.60, as shown above.

Profit and loss account.—The profit and loss account of the Albany and Vermont, on date of valuation, follows.

	Debits	Credits
Delayed-income debits:		
Operating revenues.....	\$17.85	
Operating expenses.....	3,433.67	
Railway tax accruals.....	29.12	
	\$3,480.54	
Dividend appropriations of surplus.....	1,048,500.00	
Miscellaneous debits:		
Counterfeit money written off.....	22.00	
Cash expenditures for land purchased.....	2,095.50	
Adjustment of investment in road and equipment to equal capital stock.....	17,582.72	
Credit balance transferred from income.....		\$1,012,444.60
Delayed-income credits:		
Interest on unfunded debt.....	\$237.00	
Maintenance of investment organization.....	466.42	
		703.42
Miscellaneous credits:		
Deficit in operations to June 14, 1860, charged to investment in road and equipment.....		13,576.00
Proceeds from sale of old material.....		5,945.73
Proceeds from sale of old rail.....		51,119.70
Proceeds from sale of land at Albany.....		4,750.00
Profit on sale of investment securities.....		1,516.03
Credit balance on date of valuation.....	17,774.72	
Total.....	1,090,055.48	1,090,055.48

INVESTMENT IN ROAD AND EQUIPMENT

The Albany and Vermont owns no equipment. On date of valuation the road and equipment investment account of the Albany and Vermont carried a balance of \$600,000, which had been established as follows:

Property acquired, The Albany, Vermont, and Canada Rail Road Company:

Capital stock issued, par value.....	\$538,650.00
Current liabilities assumed.....	17,212.32
Money outlay.....	27,176.67
Total.....	583,038.99
Additions and betterments, money outlay:	
Expenditures.....	\$22,892.44
Less proceeds from sale of land.....	2,779.71
	20,112.73
Total.....	603,151.72

Other items:

Credits—

Adjustment by a corresponding charge to profit and loss to make the balance in the road and equipment investment account equal the outstanding capital stock.....	\$17,582.72
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Debits—

Discount on capital stock.....	855.00
Deficit in operations to June 14, 1860.....	13,576.00

Net credit.....	3,151.72
Total.....	600,000.00

If the credits in "other items" that are not in accord with our present accounting rules were restored and the debits therein eliminated, the balance in 116 I. C. C.

that account would be increased to \$603,151.72. This balance, so far as it is resolvable into kinds of considerations, would comprise the following elements:

Recorded money outlay.....	\$50,069.11
Capital stock issued, par value.....	538,650.00
Current liabilities assumed.....	17,212.32
Less deduction not assignable specifically to any one or more of the classes of outlay above stated, proceeds from the sale of land.....	2,779.71

The foregoing does not include an expenditure of \$2,695.50 for land charged to profit and loss, but may include the cost of certain land sold, the proceeds of which were credited to profit and loss. It may also include an indeterminable amount representing that part of the cost of property disposed of in excess of the credits made to the account for proceeds from sales. The Albany and Vermont added no mileage to the road originally constructed, but did abandon about 20.82 miles of road between Waterford Junction and Eagle Bridge, the unknown cost of which it still represented in the balance in the road and equipment investment account.

LEASED RAILWAY PROPERTY

On June 12, 1860, the Albany and Vermont leased its property between Albany and Waterford Junction in perpetuity to the Rensselaer and Saratoga, and the latter on May 1, 1871, assigned the lease to the carrier, which has since operated the property, paying therefor an annual rental of \$20,000. The latter in addition maintains the property and pays all taxes.

Predecessors of the Albany and Vermont

THE ALBANY, VERMONT AND CANADA RAIL ROAD COMPANY

No accounting or other records of The Albany, Vermont and Canada Rail Road Company are obtainable. The information submitted herein was secured from the carrier's sworn reports to the New York State engineer and from the returns of the carrier on corporate history.

CORPORATE HISTORY

The Albany, Vermont and Canada Rail Road Company was incorporated November 7, 1856, for a term of 100 years, under the general laws of New York, for the purpose of acquiring the property of the Albany Northern Rail Road, which was conveyed to it subject to a first mortgage of the predecessor company by deed dated December 10, 1856, from Christopher W. Bender, who at a foreclosure sale October 16, 1856, had bid in the property in behalf of its second-mortgage bondholders. The property acquired consisted of a single-track standard-gauge railroad, extending from Albany to Eagle Bridge, N. Y., a distance of about 33 miles. The property of The Albany, Vermont and Canada Rail Road Company was sold September 15, 1859, under foreclosure of the first-mortgage of the Albany Northern Rail Road to Abijah Mann, jr., in behalf of the first-mortgage bondholders, under referee's deed dated September 19, 1859. He conveyed the property to the Albany and Susquehanna by deed dated September 22, 1859.

HISTORY OF CORPORATE FINANCING

The capital obligations of The Albany, Vermont and Canada Rail Road Company, so far as can be ascertained from obtainable sources of information,
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consisted of capital stock issued and funded debt assumed. The authorized capital stock was \$600,000, divided into shares of \$100 each. Of this amount The Albany, Vermont and Canada Rail Road Company in its last report to the New York State engineer stated that, at September 30, 1855, \$445,000 had been subscribed and subscriptions paid in amounting to \$439,004.97. Funded debt consisted of \$600,000 first-mortgage 7 per cent bonds of the Albany Northern Rail Road due March 1, 1867, and assumed in the acquisition of the latter's property.

Increase or decrease of securities in any reorganization.—The reorganization of the Albany Northern Rail Road as The Albany, Vermont and Canada Rail Road Company resulted in a decrease in securities, but the exact amount of this decrease can not be stated because of the lack of definite information as to the amount of securities of the predecessor outstanding at its demise. It has been stated in the accounting report of the Albany Northern Rail Road that its capital obligations outstanding at September 30, 1855, so far as can be determined, amounted to \$1,648,281.76. Of this amount The Albany, Vermont and Canada Rail Road Company assumed \$600,000 of the first-mortgage bonds in acquiring the property, and the remainder of \$1,048,281.76 was apparently eliminated.

INVESTMENT IN ROAD AND EQUIPMENT

The Albany, Vermont and Canada Rail Road Company's investment in road and equipment at its demise can not be ascertained from the obtainable sources of information. In its report for the year ending September 30, 1856, to the New York State engineer, The Albany, Vermont and Canada Rail Road Company states it had expended for additions and betterments the sum of \$10,032.94, and classifies this amount as follows:

Engineering -----	\$1,560.00
Land and land damages -----	982.00
Graduation and masonry -----	2,824.47
Bridges -----	3,680.19
Passenger and freight stations, buildings, and fixtures -----	986.28
Total -----	10,032.94

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property owned and used by The Albany, Vermont and Canada Rail Road Company on September 22, 1859, can not be definitely ascertained, owing to the entire absence of its accounting records, of its predecessor's, and of those of the contractors who constructed the original road. It has been stated in the accounting report of the Albany Northern Rail Road that the cost of the road, exclusive of equipment, was \$1,552,802.63, comprising reported outlays in money and securities. The Albany, Vermont and Canada Rail Road Company has stated in its sworn report to the New York State engineer for September 30, 1856, that it expended \$10,032.94 for additions and betterments. It may therefore be said that the reported outlay for the property of The Albany, Vermont and Canada Rail Road Company, exclusive of equipment at September 22, 1859, was \$1,562,835.67.

ALBANY NORTHERN RAIL ROAD, PREDECESSOR OF THE ALBANY, VERMONT AND CANADA RAIL ROAD COMPANY

The accounting records of the Albany Northern Rail Road are fragmentary and do not permit an analysis of its activities. The information here sub-

mitted was obtained chiefly from its sworn reports to the New York State engineer and from the returns of the carrier on corporate history.

CORPORATE HISTORY

The Albany Northern Rail Road was incorporated February 20, 1851, for a term of 100 years under the general laws of New York. It acquired by construction a single-track standard-gauge railroad, extending from Albany to Eagle Bridge, N. Y., approximately 33 miles, which it opened for operation in 1853. The Albany Northern Rail Road defaulted in the payment of interest on its second-mortgage bonds, and on October 31, 1856, was deeded to Christopher W. Bender on behalf of the second-mortgage bondholders who had bid it in, subject to the first-mortgage bonds, at a sale October 16, 1856, in foreclosure of its second mortgage. The property was subsequently conveyed by Bender to The Albany, Vermont and Canada Rail Road Company, by deed dated December 10, 1856.

HISTORY OF CORPORATE FINANCING

In its last report to the New York State engineer, the Albany Northern Rail Road stated that the outstanding capital obligations at September 30, 1855, comprised \$454,882.97 of capital stock and \$1,193,398.79 of funded debt. The particulars in connection with the several issues of capital obligations, in so far as can be gathered from the Albany Northern Rail Road's reports to the New York State engineer, are as follows:

Capital stock.—The authorized capital stock was \$600,000, divided into shares of \$100 each. Of this amount, \$454,882.97 was issued and a corresponding amount charged to investment in road and equipment.

Funded debt.—First-mortgage 7 per cent bonds, due March 1, 1867, were authorized and issued for \$600,000. Of this amount, a par value of \$223,000 was issued at 92½, at a discount of \$16,725. The balance of \$377,000 was issued at par for iron rail. The total par value issued was charged to investment in road and equipment.

Second-mortgage 7 per cent bonds, due June 1, 1863, were authorized in the amount of \$500,000. Of this amount, a par value of \$184,000 was issued at a discount of \$33,950. The investment in road and equipment was charged with an amount corresponding to the total par value issued. A par value of \$302,000 was pledged as security for short-term notes. The disposition made of the balance of \$14,000 could not be ascertained.

Third-mortgage income 7 per cent bonds, dated November 1, 1853, and due in three, five, and eight years after date, were authorized in the amount of \$250,000. Of this amount, a par value of \$102,400 was issued at 85, at a discount of \$15,360, and the investment in road and equipment was charged with an amount equal to the par value issued. What part, if any, of the remainder of \$147,600 was issued is not stated in the Albany Northern Rail Road's reports. Of the total amount issued, a par value of \$65,700 had been retired at September 30, 1855, by \$64,338.79 of fourth-mortgage bonds.

Fourth-mortgage bonds, dated May 1, 1854, due date unknown, bearing interest at 6 per cent for the first five years and 7 per cent thereafter, were authorized in the amount of \$500,000 to retire a loan of \$300,000 made the Albany Northern Rail Road by the city of Albany and the outstanding third-mortgage bonds. The Albany Northern Rail Road states that at September 30, 1855, \$64,338.79 of these bonds had been applied by the commissioners of the Albany city loan in retirement of \$65,700 of the third-mortgage income bonds.

The city of Albany, by authority of an act of the New York Legislature passed March 18, 1854, advanced the Albany Northern Rail Road the sum of \$300,000. The terms of the loan are not of record. It was apparently retired by fourth-mortgage bonds referred to above.

INVESTMENT IN ROAD AND EQUIPMENT

The report of the Albany Northern Rail Road to the New York State engineer for September 30, 1855, (the last report made), states the investment in road and equipment as \$2,010,634.64. This balance was stated to consist of the following items:

Construction of road:

Capital stock issued (par value)-----	\$454, 882. 97
Funded debt issued (par value \$866,400)-----	820, 365. 00
Notes payable issued-----	232, 195. 68
Additions and betterments, cash expenditures-----	230, 439. 20
Other items, not in accord with the present accounting rules of the commission:	
Discount on funded debt-----	\$66, 035. 00
Sundry advances (no details stated)-----	64, 610. 62
Estimated amounts—	
Salaries and wages due-----	40, 000. 00
Construction, materials, equipment, and right of way-----	65, 000. 00
Interest due on—	
Funded debt-----	23, 468. 67
Minor mortgages-----	1, 137. 50
Current liabilities-----	12, 500. 00
	272, 751. 79
Total-----	2, 010, 634. 64

If the debits in "other items" were eliminated, the balance in that account would be reduced to \$1,737,882.85, consisting of \$1,552,802.63 road and \$185,080.22 equipment. In its report to the New York State engineer the Albany Northern Rail Road has stated that this balance consisted of the following outlays:

Recorded money outlay-----	\$230, 439. 20
Capital stock issued, par value-----	454, 882. 97
Funded debt of a par value of \$866,400, issued at an agreed value of-----	820, 365. 00
Notes payable issued-----	232, 195. 68

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property owned and used by the Albany Northern Rail Road on December 10, 1856, can not be definitely ascertained owing to the entire absence of its accounting records and those of the contractors who constructed the original road. In its sworn report to the New York State engineer for September 30, 1855, the cost of the road, exclusive of equipment, is shown as \$1,552,802.63, comprising the reported outlays as hereinbefore stated.

RUTLAND AND WHITEHALL RAIL ROAD COMPANY (RUTLAND AND WHITEHALL)

INTRODUCTORY

No accounting records of the Rutland and Whitehall were obtainable, the information here submitted being taken from its corporate records and its sworn reports to the Vermont Public Service Commission and to us.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The Rutland and Whitehall acquired by construction, under contract with R. H. and G. L. Schuyler, its road extending from the New York-Vermont State line to Castleton, approximately 6.833 miles, which was completed November 1, 1850. It also constructed under contract with Arundah W. Hyde, its vice president upon organization and subsequently its president, a branch road from Hydeville to the shore of Lake Bomoseen, about 1.5 miles in length, which was completed about the first of the year 1854, but subsequently abandoned.

INVESTMENT IN ROAD AND EQUIPMENT

The Rutland and Whitehall owned no equipment on date of valuation. The investment in road showed a balance of \$255,700, classified by the Rutland and Whitehall in its report to the Vermont Public Service Commission for the year ended August 31, 1856, as follows:

Road:

Construction of main road.....	\$176, 000
Construction of branch road from Hydeville to Lake Bomoseen (capital stock).....	29, 700
Depot buildings and turnabouts.....	4, 000
<hr/>	
Total.....	209, 700
Equipment, locomotives and other rolling stock.....	46, 000
<hr/>	
Grand total.....	255, 700

The foregoing includes the original cost of the branch road from Hydeville to Lake Bomoseen, which was abandoned.

LEASED RAILWAY PROPERTY

The property of the Rutland and Whitehall was leased in perpetuity from February 1, 1870, to the Rensselaer and Saratoga, which lease was assigned June 15, 1871, to the carrier. The lease provides for an annual rental of \$15,342.

THE SARATOGA AND SCHENECTADY RAIL ROAD COMPANY (SARATOGA AND SCHENECTADY)

INTRODUCTORY

As the result of a fire on May 10, 1862, no accounting or corporate records prior to that date were obtainable, excepting a cash book dating from January 1, 1861. The information here submitted was obtained from this cash book, the published reports of the State engineer and surveyor, the railroad com-
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missioners of the State of New York, the Saratoga and Schenectady's reports to us, and the returns of the carrier on corporate history.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The Saratoga and Schenectady constructed its road from Schenectady to Saratoga Springs, about 20.806 miles. The road from Schenectady to Ballston Spa was opened July 12, 1832, and from Ballston Spa to Saratoga Springs in 1833. During the period under lease the road has been double-tracked by the lessees for 11,394 miles of its length.

HISTORY OF CORPORATE FINANCING

Capital stock.—The authorized capital stock was \$450,000, divided into shares of \$100 each, and classed as common stock. There was issued \$10,000 for a like amount of cash, \$40,000 in exchange for a like amount of funded debt, \$100,000 as a stock dividend, and \$300,000 for unknown considerations. The Saratoga and Schenectady reacquired and reissued \$3,700 of its stock for a like amount of cash.

Funded debt.—At January 1, 1861, there were \$73,000 of 6 per cent mortgage bonds outstanding that were due serially in 3 and 4 years. The interest rate was subsequently changed to 7 per cent and the date of maturity extended to 10 years from January 1, 1866. The considerations received are not of record. Of the total issue, \$33,000 was retired by a like amount of cash and \$40,000 by the exchange of a like amount of capital stock.

RESULT OF CORPORATE OPERATIONS

Income account.—The income account of the Saratoga and Schenectady for year ending on date of valuation, and for the period January 1, 1861, to date of valuation, follows:

	Year	Period
Nonoperating income:		
Income from lease of road.....	\$31,750.00	\$1,746,187.50
Dividend income.....		9,784.66
Income from funded securities.....	200.00	5,272.76
Income from unfunded securities and accounts.....		7,644.43
Total.....	31,950.00	1,768,889.35
Gross income.....	31,950.00	1,768,889.35
Deductions from gross income:		
Miscellaneous tax accruals.....	311.12	28,583.53
Interest on funded debt.....		38,820.00
Interest on unfunded debt.....		337.40
Maintenance of investment organization.....	536.87	24,236.56
Total.....	847.99	91,977.49
Net income.....	31,102.01	1,676,911.86
Disposition of net income, dividend appropriations of income.....	31,500.00	1,648,398.00
Income balance transferred to—		
Credit of profit and loss.....		28,513.86
Debit of profit and loss.....	397.99	

Profit and loss account.—The profit and loss account of the Saratoga and Schenectady on date of valuation follows.

	Debits	Credits
Credit balance transferred from income.....		\$28,513.86
Miscellaneous credits:		
Unredeemed checks.....	\$37.50	
Profit from sale of investment securities.....	3,225.00	
Credit balance at Jan. 1, 1861.....	107,804.67	
Miscellaneous debits:		
Stock dividend.....	100,000.00	
Other (no details).....	33,909.15	
Credit balance at date of valuation.....	5,671.88	
Total.....	139,581.03	139,581.03

INVESTMENT IN ROAD AND EQUIPMENT

The Saratoga and Schenectady owns no equipment. On date of valuation the investment in road is stated in its report to us and to the Public Service Commission of New York to be \$450,000, which had been established as follows: Reported cost of road and equipment, \$480,684.15; less equipment transferred to the Rensselaer and Saratoga, \$30,684.15; total, \$150,000.

Cost of lands.—The Saratoga and Schenectady reports the original cost of all lands owned, including both carrier and noncarrier, as \$147,641.61. In verifying the returns, \$19,796.76 has been deducted as not representing land costs. The resulting balance of \$127,844.85, made up in part of costs supported by accounting records and in part of costs supported by substantial deed considerations and other amounts, which the Saratoga and Schenectady claims to represent costs but which are not supported by accounting records, may be classified as follows:

Classification	Costs supported by accounting records	Costs not supported by accounting records
Carrier lands owned, leased to the carrier.....	\$102,290.43	\$16,967.86
Rights in private lands, owned, leased to the carrier.....		150.00
Lands classified as noncarrier, owned.....		450.00
Lands classified as partly carrier and partly noncarrier, owned.....	1,986.51	6,000.00

LEASED RAILWAY PROPERTY

The Saratoga and Schenectady, under date of October 14, 1850, leased its property to the Rensselaer and Saratoga for a term of 15 years from January 1, 1851, for considerations not of record. A new lease in perpetuity from July 1, 1860, was made on June 13, 1860. Under this lease the lessee paid annual rentals of \$30,150 until January 1, 1866, and \$31,750 thereafter. In addition, the lessee maintained the lessor's property and paid all taxes. On May 1, 1871, the Rensselaer and Saratoga assigned its lease to the carrier.

NORTHERN COAL AND IRON COMPANY

CORPORATE HISTORY

The corporations whose franchises and properties have gone to make up the present company, and the dates of the changes in those several corporations, are shown in the following table.

Corporate name	Date of incorporation	State	Date of acquisition by successor
1. Northern Coal and Iron Company.	Apr. 27, 1864.....	Pennsylvania...	Present company.
2. The Plymouth and Wilkes-Barre Road and Bridge Company.	Apr. 12, 1859, Apr. 14, 1863, Mar. 14, 1865, and letters patent of Nov. 30, 1859.	.....do.....	Consolidated with 1, Nov. 20, 1873.
3. Baltimore Coal and Union Railroad Company.	Apr. 8, 1868.....	.....do.....	Consolidated with 1, July 6, 1871.
4. The Union Coal Company.	Apr. 26, 1864, and letters patent of May 30, 1864	.....do.....	Sold to trustees, by deed dated Feb. 20, 1868, and conveyed by them to 3, Apr. 2, 1868.
5. The Howard Coal and Iron Company.	Apr. 18, 1864.....	.....do.....	Merged with 4, Feb. 13, 1867.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The property owned by the Northern Coal and Iron Company on date of valuation was acquired as follows:

	Date acquired	Mileage
By consolidation and merger, Baltimore Coal and Union Railroad Company, Union Junction to Green Ridge.....	July 6, 1871	15.000
Constructed partially by The Howard Coal and Iron Company on date unknown, The Plymouth and Wilkes-Barre Rail Road and Bridge Company, Plymouth Junction to South Wilkes-Barre, construction completed by The Plymouth and Wilkes-Barre Rail Road and Bridge Company in 1868.....	Oct. 14, 1873	2.030
By purchase with coal properties:		
Bull Run branch, Bull Run Junction to mines.....		1.250
Plymouth No. 3 branch, Kingston Mines to Plymouth Junction; date constructed and by whom unknown.....		2.150
By construction:		
Wilkes-Barre to Hudson.....	Nov. 8, 1886	3.150
Hudson to Union Junction.....	1871	2.604
Buttonwood branch, Buttonwood to connection with Plymouth branch....	1906	1.570
Plymouth No. 5 branch, Bull Run branch to Plymouth No. 3 branch.....		1.620
Scranton branch, Carbon Street Junction to Lackawanna Avenue, Scranton.	1894	.510
Total.....		29.284

HISTORY OF CORPORATE FINANCING

The records of the Northern Coal and Iron Company disclose no syndicating transactions. The finances of the Northern Coal and Iron Company, as one of the number of companies promoted by the carrier, are administered by the latter. The financial arrangements were made for both its coal and railroad properties, and these were considered as a whole until December 31, 1908, when its railroad property was set up separately on its books. The transactions which follow, therefore, relate to the whole property of the Northern Coal and Iron Company. Its securities have been issued or assumed in the acquisition of its properties or in the payment of advances made to it by the carrier. The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount of each outstanding on date of valuation.

Description	Originally issued	Retirements and treasury holdings	Outstanding
Capital stock.....	\$1,500,000.00	.....	\$1,500,000.00
Funded debt.....	4,170,127.15	\$4,170,127.15	.....
Nonnegotiable debt.....	22,129,429.15	17,374,328.38	4,755,100.77
Total.....	27,799,556.30	21,544,455.53	6,255,100.77

The foregoing securities were issued at par for a like amount of considerations, as shown below :

Cash.....	\$19, 433, 040. 80
Construction or property.....	3, 898, 388. 35
Other debt retirement.....	4, 168, 127. 15
Miscellaneous physical property (coal lands).....	300, 000. 00
Total.....	<u>27, 799, 556. 30</u>

Securities of a par value of \$21,544,455.53 were retired with \$17,376,328.38 cash and \$4,168,127.15 of other securities issued.

Capital stock.—The authorized capital stock of the Northern Coal and Iron Company is \$2,000,000, divided into shares of \$100 each and classed as common stock. Of this amount, \$102,000 was issued for a like amount of cash and \$1,398,000 was issued to the carrier in part payment of advances.

Funded debt.—The Northern Coal and Iron Company had four issues of funded debt, amounting in all to \$4,170,127.15, which have been retired with a like amount of cash. They were issued for property or in payment for advances. The details of the individual issues will be found in the accounting report hereinbefore referred to.

Nonnegotiable debt.—Nonnegotiable debt to affiliated companies was incurred by the receipt of \$22,129,429.15 in advances from the carrier, of which \$17,374,328.38 was subsequently retired, leaving a balance of \$4,755,100.77 outstanding on date of valuation. The considerations received were \$19,331,040.80 cash and \$2,798,388.35 for construction or property. The retirements were made with \$13,206,201.23 of cash and the issue of \$4,168,127.15 of securities.

. RESULT OF CORPORATE OPERATIONS

Income statement.—The results of corporate operations for the period January 1, 1868, to December 31, 1906, are recorded in the accounting records of the Northern Coal and Iron Company, but since the latter date the revenues and expenses have been merged with those of the carrier. The income account for the period January 1, 1868, to December 31, 1906, follows :

Railway tax accruals.....	<u>\$960, 298. 16</u>
Revenue from miscellaneous operations.....	1, 193, 529. 70
Expenses of miscellaneous operations.....	<u>1, 307, 837. 55</u>
Net loss from miscellaneous operations.....	<u>114, 307. 85</u>
Total operating deficit.....	<u>1, 074, 606. 01</u>
Income from lease of road.....	9, 503, 187. 20
Miscellaneous rent income.....	354, 082. 24
Total nonoperating income.....	<u>9, 857, 269. 44</u>
Gross income.....	<u>8, 782, 663. 43</u>
Interest on funded debt.....	2, 331, 000. 00
Interest on unfunded debt.....	6, 300, 661. 04
Maintenance of investment organization.....	14, 321. 41
Income transferred to other companies.....	<u>136, 680. 98</u>
Total deductions from gross income.....	<u>8, 782, 663. 43</u>

INVESTMENT IN ROAD AND EQUIPMENT

The Northern Coal and Iron Company owns no equipment. On date of valuation the investment in road showed a balance of \$3,898,388.35, which had been established as follows:

Road acquired:

Baltimore Coal and Union Railroad Company—

Funded debt assumed.....	\$1,000,000.00	
Cash advances by the carrier in settlement of current liabilities assumed.....	206,546.40	
Other cash advances by the carrier.....	19,381.50	
		<u>\$1,225,927.90</u>

Plymouth and Wilkes-Barre Railroad and Bridge Company—

Funded debt assumed.....	100,000.00	
Cash advances by the carrier in settlement of current liabilities assumed in excess of recorded value of current assets taken over.....	115,615.07	
Other cash advances by the carrier.....	50,000.00	
		<u>265,617.07</u>

Constructions, additions, and betterments, cash advances by the carrier.....		<u>2,406,843.38</u>
------------------------------------------------------------------------------	--	---------------------

Total.....		<u>3,898,388.35</u>
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ORIGINAL COST TO DATE

Cost of lands.—The Northern Coal and Iron Company reports the original cost of all lands owned, including both carrier and noncarrier, as \$1,104,924.28. In verifying the returns a net deduction of \$5,981.77 was made as not constituting land costs. The resulting balance of \$1,061,384.11, made up in part of costs supported by accounting records and in part of substantial deed considerations and other amounts, which the Northern Coal and Iron Company claims to represent costs, but which are not supported by accounting records, may be classified as follows:

Classification	Costs supported by accounting records	Costs not supported by accounting records
Carrier lands owned and leased to the carrier.....	\$8,831,887.42	\$32,991.49
Rights in private lands owned and leased to the carrier.....		10,000.00
Lands jointly owned, leased to the carrier.....	835.00	
Lands classified as noncarrier, owned.....	66,327.04	
Lands classified as partly carrier and partly noncarrier, owned.....	146,513.16	10,388.40

MISCELLANEOUS PHYSICAL PROPERTY

The Northern Coal and Iron Company was incorporated primarily to acquire and develop coal lands, and its railroad property was acquired or constructed for this purpose. The investment in miscellaneous physical property, prior to December 31, 1908, was not separated from its other investments. Since that date a separation has been maintained, and the amounts stated below are the balances in those accounts as of date of valuation: Real estate, \$59,024.14; coal lands, \$2,297,688.28; total, \$2,356,712.42.

LEASED RAILWAY PROPERTY

The property of the Northern Coal and Iron Company is operated by the carrier in perpetuity under an agreement dated December 1, 1873. The terms of the lease and the rental accrued for the year ending on date of valuation are given in the section on leased railway property in the report on the carrier.

THE PLYMOUTH AND WILKES-BARRE RAIL ROAD AND BRIDGE COMPANY, PREDECESSOR OF THE NORTHERN COAL AND IRON COMPANY

INTRODUCTORY

There are no accounting or other records obtainable, and the information here stated was secured from the returns of the carrier on corporate history.

CORPORATE HISTORY

The Plymouth and Wilkes-Barre Rail Road and Bridge Company was incorporated under special acts of Pennsylvania approved April 12, 1859, April 14, 1863, and March 14, 1865, and under letters patent granted by the Governor of Pennsylvania November 30, 1859.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The company constructed a single-track standard-gauge railroad from Plymouth Junction to South Wilkes-Barre, a distance of about 2.03 miles, all in the State of Pennsylvania, which it completed in 1868. The railroad acquired by construction was operated until November 20, 1873, when The Plymouth and Wilkes-Barre Rail Road and Bridge Company was consolidated and merged with the Northern Coal and Iron Company under an agreement of consolidation and merger of October 14, 1873.

HISTORY OF CORPORATE FINANCING

Capital securities issued amounted to \$200,000, consisting of equal amounts of capital stock in shares of \$50 each and first-mortgage 7 per cent 10-year bonds, due December 1, 1876. The consideration received is not ascertainable.

BALTIMORE COAL AND UNION RAILROAD COMPANY, PREDECESSOR OF THE NORTHERN COAL AND IRON COMPANY

No accounting records of the Baltimore Coal and Union Railroad Company are obtainable. The information here submitted was secured from the corporate records and the returns of the carrier on corporate history.

CORPORATE HISTORY

The Baltimore Coal and Union Railroad Company was incorporated April 8, 1868, under the general laws of Pennsylvania, and perfected its organization April 2, 1868. The purpose of the corporation was to acquire by purchase the franchises, rights, and property of The Union Coal Company, which had been acquired at sheriff's sale, subject to two mortgages securing an issue of \$1,000,000 bonds, certain traffic contracts with the carrier, and a certain trackage agreement with the Lehigh Coal & Navigation Company, later explained, by Andrew T. McClintock and Thomas Dickson, trustees, and so conveyed by them 116 I. C. C.

to the Baltimore Coal and Union Railroad Company under deed dated April 2, 1868. The Baltimore Coal and Union Railroad Company operated its railroad in the transportation of its anthracite coal only from the date of acquisition until January 1, 1869. On the latter date the entire property of the Baltimore Coal and Union Railroad Company was taken under lease dated December 1, 1869, by the carrier and operated by it until August 4, 1871, when the franchises, rights, and property of the Baltimore Coal and Union Railroad Company were consolidated and merged into the Northern Coal and Iron Company under agreement dated July 6, 1871. Between April 2, 1868, and August 4, 1871, the transportation of general freight and passengers over the railroad of the Baltimore Coal and Union Railroad Company was conducted by the Lehigh Coal & Navigation Company under a 20-year trackage agreement made between the latter company and The Union Coal Company on November 7, 1866, and passing to the Baltimore Coal and Union Railroad Company with its acquisition of the property formerly owned by The Union Coal Company.

HISTORY OF CORPORATE FINANCING

Capital securities issued or assumed amounted to \$3,000,000, consisting of \$2,000,000 capital stock in shares of \$50 each, and \$1,000,000 mortgage 7 per cent bonds, due January 1, 1887, issued by The Union Coal Company and assumed by the Baltimore Coal and Union Railroad Company in the acquisition of the former's property. The consideration received in the issue of capital stock can not be determined. The carrier at various times advanced the Baltimore Coal and Union Railroad Company certain sums, which at the date of its consolidation and merger into the Northern Coal and Iron Company is stated on the books of the creditor as having amounted to \$206,546.40.

INVESTMENT IN ROAD AND EQUIPMENT

The Baltimore Coal and Union Railroad Company's investment in its road and equipment, or any of the property owned by it at demise, can not be stated, because of the absence of its accounting records and the lack of other sources from which the information could be obtained.

ORIGINAL COST TO DATE

For reasons stated in the preceding section, the original cost to date of demise of the property of the Baltimore Coal and Union Railroad Company can not be ascertained.

LEASED RAILWAY PROPERTY

The lease of the property of the Baltimore Coal and Union Railroad Company to the carrier was for a term of 18 years from January 1, 1869, under agreement dated December 1, 1868. The terms of the lease specified the maintenance of the property and the payment of taxes and the interest on \$1,000,000 mortgage 7 per cent bonds issued by The Union Coal Company and assumed by the Baltimore Coal and Union Railroad Company. In addition, the lessee was to pay 25 cents per ton on all coal mined and taken in excess of the 300,000 tons per annum permitted to be mined and taken without extra compensation. The trackage agreement under which the Lehigh Coal and Navigation Company conducted the general freight and passenger traffic of The Baltimore Coal and Union Railroad Company was reciprocal to the extent of the operation of the

latter's coal trains over the railroad of the former and specified payments of 1 cent per mile for passengers, 1 cent per ton per mile for coal freight, and 1.5 cents per ton per mile for other freight.

THE UNION COAL COMPANY, PREDECESSOR OF THE BALTIMORE COAL AND UNION RAILROAD COMPANY

There are no accounting or other corporate records obtainable for The Union Coal Company, and the information here submitted was taken from the laws of Pennsylvania, the records of its successor company, the Baltimore Coal and Union Railroad Company, and from the returns of the carrier on corporate history.

CORPORATE HISTORY

The Union Coal Company was incorporated April 26, 1864, under a special act of Pennsylvania and under letters patent issued by the Governor of Pennsylvania May 30, 1864. The purposes for which The Union Coal Company was incorporated were to lease and hold coal lands in the counties of Luzerne and Schuylkill, Pa., not to exceed 2,000 acres, and for mining, vending, and transporting to market the products of its mines. The property of The Union Coal Company was sold under judgments in favor of Quintard, Ward & Company for \$255,013.53, and Alden G. Crosby for \$6,611.88, by Joseph E. Vanleer, sheriff, to Andrew T. McClintock and Thomas Dickson, trustees, and was conveyed to them by deed dated February 20, 1868.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The road of The Union Coal Company consisted of the single-track, narrow-gauge railroad extending from Union Junction to Green Ridge, Pa., about 19 miles, that it had acquired from The Howard Coal and Iron Company under a special act of Pennsylvania dated February 13, 1867.

HISTORY OF CORPORATE FINANCING

The act of incorporation authorized capital stock of \$1,000,000, with power to increase the same to \$2,000,000, divided into shares of \$50 each. The act also authorized The Union Coal Company to borrow money, not to exceed one-half of its capital stock, and to issue bonds or certificates of loan, secured by a mortgage with interest not to exceed 7 per cent per annum.

LEASED RAILWAY PROPERTY

The railroad of The Union Coal Company was completed and placed in operation during the year 1867, and was operated by its own organization from completion to February 20, 1868, for the transportation of its anthracite coal, and by the Lehigh Coal & Navigation Company for the transportation of all other freight and passengers, under an agreement dated November 7, 1866, for 20 years from that date. Under the terms of this agreement The Union Coal Company agreed to "lay down a third rail, making a track of four feet eight and a half inches gauge upon the entire length of their railroad now being constructed as aforesaid," so that the Lehigh Coal & Navigation Company might operate its equipment over the road, and in consideration of the same the Lehigh Coal & Navigation Company likewise laid a third rail on the road of the Nanticoke Railroad so that The Union Coal Company might operate its coal trains over that road. The Lehigh Coal & Navigation Company, in
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consideration of the above, agreed to subscribe and pay for in cash at par \$350,000 of the bonds of The Union Coal Company.

THE HOWARD COAL AND IRON COMPANY, PREDECESSOR OF THE UNION COAL COMPANY

There are no accounting or other corporate records obtainable for The Howard Coal and Iron Company, and the information here submitted was taken from the laws of Pennsylvania, the records of its successor company, The Union Coal Company, and from the returns of the carrier on corporate history.

CORPORATE HISTORY

The Howard Coal and Iron Company was incorporated August 18, 1864, under a special act of the Legislature of Pennsylvania. The act of incorporation granted The Howard Coal and Iron Company the privilege of owning land, mining, preparing for market, selling, and disposing of the coal, iron, and other minerals found in the lands, and for constructing "such lateral or branch railroads, not exceeding 20 miles, as may be necessary to connect any of their land with other railroads within this Commonwealth."

Under a special act of Pennsylvania, approved February 13, 1867, the property of The Howard Coal and Iron Company was merged with that of The Union Coal Company under the name of the latter company. This act provided for the issue of \$100,000 additional capital stock of The Union Coal Company, "with the same or so much thereof as may be necessary for that purpose to redeem and retire the shares of stock which then may have been issued by the said The Howard Coal and Iron Company." The property of The Howard Coal and Iron Company was conveyed to The Union Coal Company by deed dated February 14, 1867.

HISTORY OF CORPORATE FINANCING

The authorized capital stock was \$100,000, divided into shares of \$50 each.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The Howard Coal and Iron Company undertook but did not complete the construction of about 19 miles of road from Union Junction to Green Ridge, Pa.

THE TICONDEROGA RAILROAD COMPANY (TICONDEROGA RAILROAD)

INTRODUCTORY

There are no obtainable accounting records prior to March 14, 1902, when the general books were opened. The information here submitted was taken from the articles of association, minute books of directors and stockholders, and from the existing accounting records.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

Construction of the road was begun in 1890, under contract with P. W. Clement, who was to receive under the terms of the contract dated July 23, 1890, \$30,000 in capital stock and \$30,000 in bonds. The road was completed about February 2, 1891, and placed in operation on that date.

HISTORY OF CORPORATE FINANCING

The articles of association authorized capital stock of \$30,000, divided into shares of \$100 each. Of the common stock, \$15,000 was issued for an equal amount of cash and \$3,500 in part payment for construction or property. The preferred stock, in amount \$11,500, was issued in part payment for construction or property. There was but one issue of long-term debt, first-mortgage 30-year 6 per cent bonds, due January 1, 1921, amounting to \$30,000, which were issued in part payment for construction or property, and were outstanding on date of valuation. The Ticonderoga Railroad issued during the period 1907 to date of valuation short-term notes for temporary financing amounting to \$14,253.60, all of which were outstanding on date of valuation.

RESULT OF CORPORATE OPERATIONS

Income statement.—The income statement of the Ticonderoga Railroad for year ended on date of valuation and for period February 2, 1891, to date of valuation follows:

	Year	Period
Income from lease of road.....	\$3,300.00	\$63,500.00
Gross income.....	3,300.00	63,500.00
Interest on funded debt.....	1,800.00	27,000.00
Interest on unfunded debt.....	919.71	4,180.66
Maintenance of investment organization.....	629.60	10,092.94
Total deductions from gross income.....	3,349.31	41,253.60
Net income.....		22,246.40
Net loss.....	49.31	
Income applied to sinking and other reserve funds.....		14,000.00
Dividend appropriations of income.....	1,500.00	22,500.00
Total appropriations of income.....	1,500.00	36,500.00
Income balance transferred to debit of profit and loss.....	1,549.30	14,253.60

Profit and loss account.—The only item in the profit and loss account is the debit balance of \$14,253.60 transferred from income.

INVESTMENT IN ROAD AND EQUIPMENT

The Ticonderoga Railroad owns no equipment. On date of valuation the investment in road showed a balance of \$60,000, which had been established as follows:

Original construction:

Money outlay.....	\$15,000
Capital stock issued—	
Common.....	\$3,500
Preferred.....	11,500
	15,000
Funded debt.....	30,000
Total.....	60,000

ORIGINAL COST TO DATE

As stated in the text of the report, the obtainable data on original cost to date of the property of the Ticonderoga Railroad are represented by the amount of its investment account. In addition to that amount, the carrier has made expenditures to the property for improvements totaling \$55,833.17, classified as follows:

Engineering	\$14. 00
Land	15, 130. 96
Grading	126. 96
Bridges, trestles, and culverts	467. 60
Ties	Cr. 209. 90
Rails	Cr. 664. 60
Other track material	Cr. 399. 91
Ballast	69. 60
Tracklaying and surfacing	Cr. 25. 73
Station and office buildings	19, 888. 78
Water and fuel stations	187. 96
Superstructure (not separable)	183. 17
Sidings and spur tracks	21, 106. 20
Unclassified labor	Cr. 41. 92
Total	55, 833. 17

LEASED RAILWAY PROPERTY

The property of the Ticonderoga Railroad has been operated by the carrier since the date the road was opened for operation, under an agreement dated August 13, 1890, and effective for the life of the lessor. The terms of the lease and the rental accrued for the year ending on date of valuation are given in the section on leased railway property in the report on the carrier.

THE CHATEAUGAY AND LAKE PLACID RAILWAY COMPANY (CHATEAUGAY AND LAKE PLACID)

INTRODUCTORY

There are no obtainable accounting records, and the information here submitted was taken from the reports of the Public Service Commission of New York, the annual reports rendered to us, the return of the carrier on corporate history, and from the accounting records of the latter.

CORPORATE HISTORY

The corporations whose franchises and properties have gone to make up the present company and the dates of the changes in those several corporations are shown in the following table:

Corporate name	Date of incorporation	State	Date of merger to form 1
1. Chateaugay and Lake Placid	July 24, 1903	New York	
2. Chateaugay Railroad Company	May 15, 1879	do	July 24, 1903
3. The Chateaugay Railway Company	July 13, 1887	do	
4. Saranac and Lake Placid Rail Road Company	June 13, 1890	do	

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The property owned by the Chateaugay and Lake Placid, on date of valuation, was acquired as follows:

	Date acquired	Mileage
By consolidation with—		
Chateaugay Railroad Company; constructed by the Chateaugay Railroad Company during the period May 15, 1879, to March 30, 1880.....	July 24, 1903	16.691
The Chateaugay Railway Company; constructed 1886 by Chateaugay Ore and Iron Company; 18.100; constructed by Chateaugay Railroad Company (1887-88), 18.594.....	July 24, 1903	36.694
Saranac and Lake Placid Railroad Company; date of construction unknown.....	July 24, 1903	10.100
Total.....		63.485

HISTORY OF CORPORATE FINANCING

The records of the Chateaugay and Lake Placid disclose no syndicating transactions. The Chateaugay and Lake Placid issued and assumed securities amounting to \$3,794,000 in the acquisition and reconstruction of its property, of which \$344,000 has been retired, leaving \$3,450,000 outstanding on date of valuation. A summary of the issues and retirements and the amount outstanding is as follows:

Class	Issued or assumed	Retired	Outstanding
Capital stock issued.....	\$3,450,000		\$3,450,000
Funded debt assumed.....	344,000	\$344,000	
Total.....	3,794,000	344,000	3,450,000

The par value of securities issued and the recorded considerations received therefor follow:

Consideration	Recorded value received	Par value issued
Construction or property.....	\$794,000	\$794,000
Advances.....	3,000,000	3,000,000
Total.....	3,794,000	3,794,000

Securities of the par value of \$344,000 were retired with \$356,160 cash. The difference, \$12,160, was charged to investment in road and equipment.

Capital stock.—The consolidation agreement authorized \$450,000 of common stock, divided into shares of \$100 each, and provided that it should be issued as follows:

A par value of \$187,500 in exchange for \$75,000 common stock of the Chateaugay Railroad Company, \$187,500 par value in exchange for \$168,000 common stock of the Chateaugay Railway Company, and \$75,000 par value in exchange for \$225,000 common stock of the Saranac and Lake Placid Railroad Company. The records show that the stock was issued in accordance with the terms of the consolidation agreement and charged to investment in road and equipment.

Preferred stock in the amount of \$3,000,000 was authorized for the purpose of paying the carrier for advances made in changing the gauge of the road from narrow to standard, reducing the grades, and in retiring the funded debt that the carrier had assumed at the time of consolidation. The records state that \$3,000,000 par value was issued to the carrier in payment for a like amount of advances.

Funded debt.—The Chateaugay and Lake Placid assumed three issues of funded debt, aggregating \$344,000 par value, all of which have been retired with cash amounting to \$356,160 in the acquisition of property. The difference of \$12,160 was charged to investment in road and equipment. The details of the individual issues of securities will be found in the accounting report hereinbefore referred to.

Nonnegotiable debt to affiliated companies.—From 1903 to date of valuation the carrier advanced the Chateaugay and Lake Placid in open account \$3,000,000 for the following purposes:

Additions and betterments.....	\$2, 588, 998. 63
Retirement of funded debt.....	356, 160. 00
Deficit in operations 1903 and 1904, charged to investment in road and equipment.....	33, 151. 62
Interest charged on unpaid advances, charged to investment in road and equipment.....	21, 689. 75
Total.....	3, 000, 000. 00

These advances were paid by the issue of a like amount of preferred stock.

Decrease in stocks, bonds, or other securities in consolidation of July 24, 1903.—The par value of capital stock and long-term securities issued or assumed by the Chateaugay and Lake Placid in acquiring the property of the three companies consolidated to form the Chateaugay and Lake Placid was \$43,000 less than the par value of the securities the consolidating companies had issued at the date of consolidation, as shown by the following tabulation:

	Rate of interest	Outstanding securities of consolidating companies	Securities issued or assumed by Chateaugay and Lake Placid
Capital stock:			
Chateaugay Railroad Company.....	<i>Per cent</i>	\$75, 000	\$187, 500
The Chateaugay Railway Company.....		168, 000	187, 500
Saranac and Lake Placid Rail Road Company.....		250, 000	75, 000
Total.....		493, 000	450, 000
Long-term securities, bonds:			
Chateaugay Railway Company.....	6	200, 000	200, 000
Saranac and Lake Placid Rail Road Company.....	5	144, 000	144, 000
Total.....		344, 000	344, 000
Grand total.....		837, 000	794, 000

RESULTS OF CORPORATE OPERATIONS

Income account.—The income account of the Chateaugay and Lake Placid for the year ended on date of valuation, and for the period July 24, 1903, to date of valuation, follows:

	Year	Period
Income from lease of road.....	\$126,741.13	\$894,928.65
Railway tax accruals.....	40,561.88	65,886.98
Gross income.....	86,179.25	829,941.67
Interest on funded debt.....		86,600.00
Rent for leased roads.....	1,141.95	6,207.40
Total deductions from gross income.....	1,141.95	92,897.40
Net income.....	85,037.30	736,234.27
Dividend appropriations of income.....	85,037.30	764,068.78
Income balance transferred to debit of profit and loss.....		27,834.51

Profit and loss account.—The profit and loss account of the Chateaugay and Lake Placid, on date of valuation, follows:

Credits, miscellaneous credits, deficit in operation of road during the years 1903 and 1904 credited to this account and charged to investment in road and equipment.....	\$33,151.62
Total.....	33,151.62
Debits:	
Debit balance transferred from income.....	27,834.51
Credit balance.....	5,317.11
Total.....	33,151.62

INVESTMENT IN ROAD AND EQUIPMENT

The Chateaugay and Lake Placid owns no equipment. On date of valuation the investment in road account carried a balance of \$3,450,000, which had been established as follows:

Roads acquired, that of —	
Chateaugay Railroad Company, capital stock issued.....	\$187,500.00
The Chateaugay Railway Company—	
Capital stock issued.....	187,500.00
Funded debt assumed.....	200,000.00
Saranac and Lake Placid Rail-road Company—	
Capital stock issued.....	75,000.00
Funded debt assumed.....	144,000.00
Total.....	794,000.00
Additions and betterments, money outlay (cash expenditures made by the carrier).....	2,588,998.63
Other items:	
Deficit in operation of road during the years 1903 and 1904.....	33,151.62
Costs above par in retiring \$200,000 par value first-mortgage bonds of The Chateaugay Railway Company.....	12,160.00
Interest charged by the carrier on unpaid advances.....	21,689.75
Total.....	67,001.37
Grand total.....	3,450,000.00

If the debits in "other items" were eliminated, the balance would be decreased to \$3,382,998.63. This balance, so far as it is resolvable into kinds of considerations, would comprise the following elements:

Recorded money outlay.....	\$2, 588, 998. 63
Capital stock issued, par value.....	450, 000. 00
Funded debt assumed, par value.....	344, 000. 00
Total.....	3, 382, 998. 63

The corrected balance may include certain expenditures for property retired or abandoned, and it may also include the cost of lands classified as noncarrier, or as partly carrier and partly noncarrier.

ORIGINAL COST TO DATE

Cost of lands.—The Chateaugay and Lake Placid reports the original cost of all lands owned, including both carrier and noncarrier, as \$43,566.46. In verifying the returns a deduction of \$16,823.60 was made as not constituting land costs. The resulting balance of \$26,742.86, made up in part of costs supported by accounting records and in part of substantial deed considerations, which the Chateaugay and Lake Placid claims to represent costs but which are not supported by accounting records, may be classified as follows:

Classification	Costs supported by accounting records	Costs not supported by accounting records
Carrier lands owned and leased to the carrier.....	\$3, 690. 56	\$12, 723. 95
Lands classified as noncarrier, owned.....	2, 604. 95	305. 00
Lands classified as partly carrier and partly noncarrier, owned.....	2, 418. 40	

LEASED RAILWAY PROPERTY

The Chateaugay Railroad Company, a predecessor of the Chateaugay and Lake Placid, leased the property of the Plattsburgh and Dannemora, extending from Dannemora to Bluff Point, N. Y., for 100 years from July 1, 1879, under an agreement dated May 20, 1879. This lease was assigned to the carrier when the property of the Chateaugay and Lake Placid was leased to the latter. The entire property owned by the Chateaugay and Lake Placid and its leased line is operated by the carrier under a lease dated July 1, 1905, and modification dated May 17, 1907, effective 500 years from January 1, 1903. Under the terms of this lease the carrier maintains and operates the property and pays all the taxes and interest upon the bonds for which it has become obligated, and advances the necessary funds to supply any insufficiencies of the earnings to pay the expenses and provide for the costs of improvements and to retire the bonds when due. The lessor shall pay such advances with interest at 4 per cent, dividends upon the preferred stock at 4 per cent issued to the lessee for advances, and any balance from the earnings shall be paid to the lessor.

CHATEAUGAY RAILROAD COMPANY, PREDECESSOR OF THE CHATEAUGAY AND LAKE
PLACID

INTRODUCTORY

There are no obtainable accounting records of the Chateaugay Railroad Company prior to January 1, 1888, and the information here submitted was taken from the sworn reports made to the Railroad Commission of New York and the accounting records subsequent to that date.

CORPORATE HISTORY

The Chateaugay Railroad Company was incorporated May 15, 1879, under the general laws of New York for a term of 100 years. The purpose of incorporation was to construct, operate, and maintain a railroad from the ore beds near Lyon Mountain to a connection with the Plattsburgh and Dannemora at Dannemora, a distance of about 16.691 miles. The articles of association provided for the construction of a railroad "of the gauge of not more than 3 feet and 6 inches and not less than thirty inches within the rails." Its organization was perfected May 15, 1879. It was controlled by the Chateaugay Ore and Iron Company through ownership of the entire issue of capital stock. The Chateaugay Railroad Company was consolidated and merged with The Chateaugay Railway Company and the Saranac and Lake Placid Rail Road Company to form the Chateaugay and Lake Placid under an agreement of consolidation dated July 24, 1903.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

At July 24, 1903, the Chateaugay Railroad Company owned 16.691 miles of single-track standard-gauge railroad, extending from Lyon Mountain to Dannemora, N. Y. The owned mileage was constructed during the period May 15, 1879, to March 30, 1880, the road being opened for operation on the latter date. The conditions under which the road was constructed were not of record.

HISTORY OF CORPORATE FINANCING

The Chateaugay Railroad Company issued securities amounting to \$175,000, of which \$100,000 was retired, leaving \$75,000 outstanding at demise. The securities were capital stock \$75,000, and funded debt \$100,000, total \$175,000.

Capital stock, common.—The authorized capital stock was \$75,000, divided into shares of \$100 each. This amount was issued between May 15, 1879, and September 30, 1880, for unknown considerations. At July 24, 1903, the entire issue of capital stock was held by the Chateaugay Ore and Iron Company.

Funded debt.—Five-year 7 per cent mortgage bonds of a par value of \$100,000 dated September, 1879, were issued and retired. It is not of record for what purpose these bonds were issued. Neither the consideration received in the issue nor the consideration given in the retirement is of record.

Short-term notes.—At January 1, 1888, when the accounting records were opened, there was a balance in the notes-payable account of \$24,403.41, the considerations for which are not of record. From 1888 to 1903 the Chateaugay
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Railroad Company issued, in addition, short-term notes for temporary financing to the amount of \$104,644.73, for \$20,981.80 cash and \$83,662.93 for construction or property. There was retired \$10,800 by the proceeds from the sale of narrow-gauge equipment, leaving a balance of \$118,248.14 outstanding.

RESULTS OF CORPORATE OPERATIONS

The income account of the Chateaugay Railroad Company for the period March 30, 1880, to July 24, 1903, follows:

Operating income:

Railway operating revenues.....	\$3, 779, 078. 64
Railway operating expenses.....	3, 075, 245. 72
Net revenue from railway operations.....	703, 832. 92
Railway tax accruals.....	64, 952. 54
Railway operating income.....	638, 880. 38
Nonoperating income, miscellaneous rent income.....	1, 222. 25
Gross income.....	640, 102. 63

Deductions from gross income:

Rent for leased roads.....	252, 775. 50
Miscellaneous rents.....	600. 00
Interest on unfunded debt.....	20, 693. 72
Total deductions from gross income.....	274, 069. 22
Income balance transferred to debit of profit and loss.....	366, 033. 41

If the delayed-income debit in profit and loss account was applied to income the credit balance transferred to profit and loss would be \$360,046.03.

Profit and loss.—The profit and loss account of the Chateaugay Railroad Company at July 24, 1903, follows:

	Debit	Credit
Credit balance transferred from income.....		\$366, 033. 41
Delayed-income debits, deficit from operation of the Saranac and Lake Placid Rail Road Company's line from Jan. 1, 1897, to Jan. 1, 1903.....	\$5, 987. 33	
Miscellaneous debits:		
Net amount transferred from the profit and loss account of this company to the Chateaugay Ore and Iron Company.....	62, 499. 03	
Credit balance at July 24, 1903.....	297, 547. 00	
Total.....	366, 033. 41	366, 033. 41

INVESTMENT IN ROAD AND EQUIPMENT

The balance in the road and equipment investment account at July 24, 1903, was \$510,480.18. This balance is summarized as follows:

Original construction—

Recorded money outlay, including notes payable—

Cash.....	\$251, 535. 96	
Notes payable.....	1, 120. 14	
		\$252, 656. 10
Additions and betterments, road, recorded money outlay for chang- ing the road gauge from narrow to standard in 1902 and 1903....		13, 697. 66

Equipment:

Recorded money outlay, including notes payable, cash \$191,818.01, notes payable \$82,542.79-----	\$274, 360. 80
Less equipment retired \$11,500 and depreciation written off \$18,734.38-----	30, 234. 38
	<u>\$244, 126. 42</u>
Total -----	510, 480. 18

This balance comprises the following elements:

Recorded money outlay-----	457, 051. 63
Notes payable-----	83, 662. 93
Less deductions not assignable specifically to any one or more of the classes of outlay above stated:	
Equipment retired-----	11, 500. 00
Depreciation written off-----	18, 734. 38

ORIGINAL COST TO DATE

The original cost to date of the common-carrier property of the Chateaugay Railroad Company at July 24, 1903, can not be fully ascertained owing to the absence of the accounting records prior to January 1, 1888, and those of the contractor who constructed the original road. Eliminating equipment, the outlay for the roadway property may be summarized as follows: Recorded money outlay \$265,233.62, outlay in notes payable \$1,120.14.

The Chateaugay Railroad Company has classified its recorded investment in road and equipment, in its sworn reports to the Railroad Commission of New York, as follows:

Road:

Engineering expenses-----	\$7, 025. 30
Land and land damages-----	5, 035. 24
Grading, masonry, and ballast-----	84, 189. 71
Bridges, trestles, and culverts-----	18, 026. 31
Superstructures, including ties-----	120, 013. 29
Passenger and freight stations-----	9, 714. 18
Engine and car houses-----	6, 653. 14
Changing from narrow to standard gauge-----	13, 697. 66
Total -----	<u>266, 353. 76</u>

Equipment:

Steam locomotives-----	73, 542. 10
Passenger-train cars-----	33, 451. 50
Freight-train cars-----	137, 132. 82
Total-----	<u>244, 126. 42</u>
Grand total-----	<u>510, 480. 18</u>

LEASED RAILWAY PROPERTY

The Chateaugay Railroad Company operated under lease the following roads owned by other common carriers:

The Plattsburgh and Dannemora.—This road, extending from Dannemora to Bluff Point, N. Y., was operated under an agreement dated May 20, 1879, for 116 I. C. C.

100 years from July 1, 1879. The agreement provided a rental of \$1 per year and free transportation of supplies for the prison and of officials traveling on business connected with the Clinton Prison. The agreement also provided for the exemption of all taxes levied by the State of New York.

The Chateaugay Railway Company.—This road, extending from Lyon Mountain to Saranac Lake, N. Y., was operated under an agreement dated July 1, 1888, in perpetuity. The agreement provided that the lessee maintain the property, pay all taxes, and also pay the interest on the funded debt, which was 6 per cent on an issue of \$200,000.

The Saranac and Lake Placid Rail Road Company.—This road, extending from Saranac Lake to Lake Placid, N. Y., was operated under an agreement dated December 19, 1896, for 17 years from January 1, 1897. This agreement provided that the lessee should pay as rental \$7,200 per year, which was the interest at 6 per cent on \$120,000 of its first-mortgage bonds. The property of the Chateaugay Railroad Company was leased to the carrier under an agreement dated July 1, 1905, effective from January 1, 1903, to July 24, 1903, when it was consolidated with The Chateaugay Railroad Company and the Saranac and Lake Placid Rail Road Company to form the Chateaugay and Lake Placid.

THE CHATEAUGAY RAILWAY COMPANY, PREDECESSOR OF THE CHATEAUGAY AND LAKE PLACID

INTRODUCTORY

There are no obtainable accounting records of the Chateaugay Railway Company, and the information here submitted has been taken from the articles of association, the sworn reports made to the Railroad Commission of New York, and from the returns of the carrier.

CORPORATE HISTORY

The Chateaugay Railway Company was incorporated July 13, 1887, under the general laws of New York for the purpose of constructing, operating, and maintaining a narrow-gauge railroad from Saranac Lake to Loon Lake, N. Y., and with the authority to purchase from the Chateaugay Ore and Iron Company a narrow-gauge railroad already constructed from Loon Lake to Lyon Mountain, N. Y. The Chateaugay Railway Company was controlled by the Chateaugay Ore and Iron Company through ownership of its entire issue of capital stock.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

At July 24, 1903, The Chateaugay Railway Company owned about 36.694 miles of single-track standard-gauge railroad located in the State of New York. Its line of road extends from a connection with the Chateaugay Railroad Company at Lyon Mountain to a connection with the Saranac and Lake Placid Rail Road Company at Saranac Lake and thus forms part of the through route from Lake Placid to Bluff Point, a connection with the carrier. The road from Loon Lake to Lyon Mountain, about 18.100 miles, was acquired from the Chateaugay Ore and Iron Company in 1887. This road was constructed by that company in 1886 for its own use in connection with its mining interests. The road from Loon Lake to Saranac Lake, about 18.594 miles, was acquired by construction in 1887 and 1888, and opened for operation about July 1, 1888.

HISTORY OF CORPORATE FINANCING

The Chateaugay Railway Company issued capital securities amounting to \$368,000, all of which were outstanding at July 24, 1903. The securities consisted of capital stock \$168,000, funded debt \$200,000, total \$368,000.

Capital stock, common.—The authorized capital stock was \$168,000, divided into shares of \$100 each. The entire amount was issued to the Chateaugay Ore and Iron Company for the railroad of that company extending from Loon Lake to Lyon Mountain, N. Y., about 18.100 miles.

Funded debt.—The funded debt consisted of first-mortgage 20-year 6 per cent bonds, par value \$200,000, dated August 1, 1887, authorized for the purpose of securing funds with which to construct the railroad from Loon Lake to Saranac Lake. The entire amount was issued at one time to the Chateaugay Ore and Iron Company, and funds for the construction of the railroad were drawn from that company as needed on basis of the par value of the bonds and the accrued interest to the date of sale. It is therefore apparent that the Chateaugay Ore and Iron Company supervised and financed the construction of the road from Saranac Lake to Loon Lake and received these bonds in payment of the advances.

RESULT OF CORPORATE OPERATIONS

Income account.—The income account of the Chateaugay Railway Company for the period July 1, 1888, to July 24, 1903, as reported to the Railroad Commission of New York, consisted entirely of income received from lease of road, amounting to \$189,000, and the same amount was disbursed in the payment of interest on funded debt.

INVESTMENT IN ROAD AND EQUIPMENT

The report of The Chateaugay Railway Company to the Railroad Commission of New York for June 30, 1903, states the investment in road (it owned no equipment) as \$368,000. This amount is made up as follows:

Road acquired, railroad of the Chateaugay Ore and Iron Company from Lyon Mountain to Loon Lake, about 18.100 miles, par value of capital stock issued.....	\$168,000
Original construction, railroad from Loon Lake to Lake Saranac, about 18.594 miles, par value of funded debt issued.....	200,000
Total.....	368,000

ORIGINAL COST TO DATE

The original cost of the common-carrier property of The Chateaugay Railway Company at July 24, 1903, can not be ascertained with exactness owing to the absence of the accounting records of the Chateaugay Railway Company, the Chateaugay Ore and Iron Company, and the contractors who constructed the original road. The carrier acquired the entire property of The Chateaugay Railway Company by lease from January 1, 1903, and immediately began changing the gauge from narrow to standard, which was accomplished for the most part during the year 1903. The expenses for these improvements are included in the outlay for the property of the successor company, the Chateaugay and Lake Placid. The obtainable data on the outlay for creating and improving the common-carrier property of the Chateaugay Railway Company to July 24, 1903, as recorded in the account, consists of the outlay there stated as capital stock \$168,000, and funded debt \$200,000. In its report to the Railroad 116 I. C. C.

Commission of New York the recorded expenditures for the property have been classified as follows:

	Acquired, Loon Lake to Lyon Mountain	Con- structed, Saranac Lake to Loon Lake	Total
Road:			
Engineering expenses.....	\$7,000	\$5,732	\$12,732
Land and land damages.....			
Grading, masonry, and ballast.....	82,840	99,408	182,248
Superstructure, including ties.....	21,410	25,610	47,020
Rails.....	50,570	60,900	111,650
Passenger and freight stations.....	4,500	6,700	11,200
Engine and car houses.....	1,000	1,200	2,200
Fuel and water stations.....	500	450	950
Total.....	168,000	200,000	368,000

LEASED RAILWAY PROPERTY

The property of The Chateaugay Railway Company was leased in perpetuity to the Chateaugay Railroad Company from completion, about July 1, 1888, at an annual rental of the interest on its funded debt, amounting to \$12,000 annually. This lease was terminated January 1, 1903, when the property was then leased to the carrier under similar arrangements, until July 24, 1903, when The Chateaugay Railway Company was consolidated and merged with several other companies to form the Chateaugay and Lake Placid.

SARANAC & LAKE PLACID RAIL ROAD COMPANY, PREDECESSOR OF THE CHATEAUGAY AND LAKE PLACID

INTRODUCTORY

The obtainable accounting records of the Saranac & Lake Placid Rail Road Company were opened at March 17, 1896, and the information here submitted concerning the company was taken from those records, the articles of association, the minutes of meetings of stockholders and directors, reports of railroad commissioners of New York, and from the records of the successor company, the Chateaugay and Lake Placid.

CORPORATE HISTORY

The Saranac & Lake Placid Rail Road Company was incorporated June 13, 1890, under the general laws of New York for a period of 100 years. The purpose of incorporation was to construct, maintain, and operate a narrow-gauge railroad from Lake Placid to Saranac Lake, N. Y., a distance of about 10.100 miles. The Saranac & Lake Placid Rail Road Company was consolidated on July 24, 1903, with other companies to form the Chateaugay and Lake Placid.

HISTORY OF CORPORATE FINANCING

The Saranac & Lake Placid Rail Road Company issued securities amounting to \$394,000, all of which were outstanding at its demise. They consisted of—

Capital stock.....	\$250,000
First-mortgage gold bonds.....	120,000
Second-mortgage gold bonds.....	24,000
Total.....	\$394,000

Capital stock, common.—The amount of capital stock originally authorized was \$100,000, divided into shares of \$100 each. At April 25, 1893, under authority of the stockholders and the Board of Railroad Commissioners of New York, the capital stock was increased to \$250,000. There are no accounting records for the period of issue of the capital stock, but the reports of railroad commissioners of New York for 1890 to 1893 state that \$50,000 of this amount was issued for cash and \$200,000 for construction or property.

Funded debt.—First-mortgage bonds of a par value of \$120,000 which were authorized for the purpose of securing funds for the construction of the railroad, and were payable in 20 years from May 1, 1893, with interest at 6 per cent. The interest rate was subsequently reduced to 5 per cent by agreement with the bondholders and the date of maturity extended to November 1, 1913. The reports of railroad commissioners of New York for 1893 state that the bonds were issued for \$110,000 cash, but there are no records to show what disposition was made of the \$10,000 discount.

Second-mortgage bonds of a par value of \$24,000 were authorized by the Saranac & Lake Placid Rail Road Company for the purpose of liquidating the floating debt of the company. They were payable in 17 years from November 1, 1896, with interest at 5 per cent. Of the total issue, \$13,000 was issued in exchange for a like amount of notes payable, and \$11,000 was issued in payment of current liabilities amounting to \$9,697.50. The discount, \$1,302.50, was charged to investment in road and equipment.

Short-term notes.—The Saranac & Lake Placid Rail Road Company issued for cash short-term notes for temporary financing amounting to \$36,020.78. This amount was retired by \$23,020.78 cash and \$13,000 second-mortgage bonds.

Cash advances.—The Saranac & Lake Placid Rail Road Company received cash advances from E. D. Shipard & Company, bankers, aggregating \$17,684.54, that was carried in open account. E. D. Shipard was a director and took a very active part in the Saranac & Lake Placid Rail Road Company's affairs. The advances that his company made were liquidated in part by \$10,500 par value of second-mortgage bonds and the balance by cash.

RESULT OF CORPORATE OPERATIONS

Income account.—The Saranac & Lake Placid Rail Road Company was operated from January 1, 1897, to January 1, 1903, by the Chateaugay Railroad Company and from January 1, 1903, to July 24, 1903, by the carrier. The recorded results of operations for the period August 1, 1893, to June 30, 1903, are summarized in the following income and profit and loss statements:

Operating income:

Railway operating revenues.....	\$93, 148. 89
Railway operating expenses.....	50, 253. 40
Net revenue from railway operations.....	42, 895. 49
Railway tax accruals.....	4, 791. 61
Railway operating income.....	38, 103. 88
Nonoperating income, income from lease of road.....	43, 048. 74
Gross income.....	81, 152. 62

Deductions from gross income:

Interest on funded debt.....	\$62,033.33
Interest on unfunded debt.....	1,251.41
Maintenance of investment organization.....	2,351.04
Total deductions from gross income.....	65,635.73

Income balance transferred to credit of profit and loss..... 15,516.84

Profit and loss statement.—Following is the statement of profit and loss of the Saranac & Lake Placid Rail Road Company.

Credits:

Credit balance transferred from income.....	\$15,516.84
Debit balance at June 30, 1903.....	1,983.16
Total.....	17,500.00

Debits, dividend appropriations of surplus..... 17,500.00

Total..... 17,500.00

The Saranac & Lake Placid Rail Road Company paid annual dividends of 3 per cent in 1894 and 2 per cent in 1895 and 1896.

INVESTMENT IN ROAD AND EQUIPMENT

The balance in the road and equipment investment account at July 24, 1903, was \$358,018.18. This balance was divided \$339,927.56, road, and \$18,090.62, equipment, and is summarized as follows:

Original construction and additions and betterments:

Recorded money outlay.....	\$156,715.68
Capital stock issued.....	200,000.00
Total.....	356,715.68
Other items, discount on funded debt.....	1,302.50
Grand total.....	358,018.18

If the debit in "other items" not in accord with our present accounting rules be eliminated from the road and equipment investment account, the balance in that account would be reduced to \$356,715.68.

ORIGINAL COST TO DATE

The original cost of the common-carrier property owned by the Saranac & Lake Placid Rail Road Company on July 24, 1903, can not be fully ascertained owing to the absence of complete accounting records of the Saranac & Lake Placid Rail Road Company and those of the contractors who constructed the original road. The obtainable data on the outlay for creating and improving as recorded in the investment in road and equipment account, exclusive of equipment, are as follows:

Recorded money outlay.....	\$156,715.68
Capital stock issued.....	200,000.00
Less deductions not assignable specifically to any one or more of the classes of outlay above stated, equipment.....	18,090.62

This outlay may include the discount of \$10,000 on the first-mortgage 20-year gold bonds, the disposition of which was not of record. The Saranac & Lake Placid Rail Road Company, in its sworn reports to the railroad commissioners of New York, has distributed the recorded investment in road and equipment into the following primary accounts:

Road:

Engineering expenses	\$3, 851. 32
Land and land damages.....	21, 143. 79
Grading, masonry, and ballast.....	1, 055. 81
Bridges.....	26. 33
Superstructure, including ties.....	10, 309. 11
Rails.....	49, 462. 44
Fences	662. 95
Telegraph and telephone lines.....	646. 45
Passenger and freight stations.....	5, 709. 37
Shops, machinery, and tools.....	231. 70
Shops, engine houses, and turntables.....	623. 33
Road built by contract.....	231, 752. 46
Interest and discount charged to construction.....	14, 452. 50
Total.....	<u>339, 927. 56</u>

Equipment:

Steam locomotives.....	10, 216. 62
Passenger cars.....	7, 000. 00
Freight and other cars.....	874. 00
Total.....	<u>18, 090. 62</u>
Grand total	<u>358, 018. 18</u>

INVESTMENTS IN OTHER COMPANIES

The records of the Saranac & Lake Placid Railroad Company state its investment in other companies at July 24, 1903, as \$20,000, which consisted of that amount of par value stock of the Transfer Company, an organization at Lake Placid for the transfer of freight and passengers. This stock was acquired under unknown circumstances.

LEASED RAILWAY PROPERTY

The property of the Saranac & Lake Placid Railroad Company was leased for the term of 17 years from January 1, 1897, to the Chateaugay Railroad Company and the Chateaugay Ore and Iron Company. The lessees agreed to pay as rent a sum of money equal to 35 per cent of the gross receipts received from the operation of the railroad and one-half of the net profits from the operation of the transfer business at Lake Placid, provided, however, that such sum of money shall be at least \$7,200. At January 1, 1903, this lease was assigned to the carrier.

THE PLATTSBURGH AND DANNEMORA RAILROAD (PLATTSBURGH AND DANNEMORA)

INTRODUCTORY

The Plattsburgh and Dannemora has no accounting or other records, and the information here submitted has been taken from the act authorizing the 116 I. C. C.

construction of the railroad and the subsequent acts of 1879 authorizing additional funds for construction purposes, the report of Louis D. Pillsbury, superintendent of State prisons, for the year ending September 30, 1879, and from the records of the comptroller of the State of New York.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

After the appropriations were made available the superintendent invited bids for the construction of the railroad, and on June 24, 1878, he made a contract with John O'Brien, who agreed to grade the roadway, build all bridges and trestles, and furnish and lay the ties and iron for the sum of \$73,000. In addition to this sum the superintendent furnished, as agreed, a number of convicts who graded about 2 miles of the roadway nearest to Dannemora. Construction of the road under the contract was begun about June 24, 1878, completed December 30, 1878, and delivered to the superintendent of prisons ready for operation. The original appropriation did not provide for the fences along the right of way and the necessary ballasting of the road, which was provided for in the subsequent appropriations, and this work was done after the road had been turned over by the contractor.

INVESTMENT IN ROAD AND EQUIPMENT

The investment in road and equipment, as recorded in the accounts of the auditor of prison accounts, comptroller's office, State of New York, at date of valuation, was \$183,035.98, and consisted of cash expenditures made by Louis D. Pillsbury, superintendent of State prisons in 1878-9, from the appropriations made by the State of New York, under special acts during those years for the purpose of constructing and operating the railroad. Of the \$192,865.34 provided for the construction of the railroad, \$183,035.98 was recorded in the State records as having been expended for that purpose, and is classified as follows:

Road:

Engineering -----	\$3, 248. 15
Right of way -----	2, 487. 90
Grading -----	12, 835. 50
Tracklaying and surfacing -----	2, 800. 00
Fencing right of way -----	16, 623. 00
Crossings and signs -----	210. 00
Station buildings and fixtures -----	700. 00
Water stations -----	700. 00
Shops, engine houses, and turntables -----	13, 980. 69
Construction by contract -----	73, 000. 00
Paying employees -----	5, 000. 00
Operating railroad -----	10, 089. 00
Lumber, plumbing, and painting -----	665. 48
Management and services -----	7, 146. 28
Total -----	149, 486. 00
Equipment -----	33, 549. 98
Grand total -----	183, 035. 98

ORIGINAL COST TO DATE

Cost of lands.—The Plattsburgh and Dannemora reports original cost of all lands owned, including both carrier and noncarrier, as \$19,480.63. In verifying the returns, a deduction of \$10,039.34 was made as not constituting land costs. The resulting balance of \$9,441.29, made up in part of costs supported by

accounting records and in part of substantial deed considerations and other amounts, which the Plattsburgh and Dannemora claims to represent costs but which are not supported by accounting records, may be classified as follows:

Classification	Costs supported by accounting records	Costs not supported by accounting records
Carrier lands owned and leased to the carrier.....	\$5,997.39	\$2,659.90
Lands classified as noncarrier owned.....		200.00
Lands classified as partly carrier and partly noncarrier owned.....		584.00

IMPROVEMENTS ON LEASED RAILWAY PROPERTY

On January 1, 1903, the carrier leased the property of the Chateaugay and Lake Placid and its leased road, the Plattsburgh and Dannemora, and immediately began changing the entire line of road to standard gauge. At December 31, 1903, there had been expended a total amount of \$2,587,383.63, but the accounting records of the carrier do not show what portion of this amount was expended for improvements to the Plattsburgh and Dannemora. These changes in the gauge of the Plattsburgh and Dannemora were authorized by the superintendent of State prisons under consents dated August 27, 1902, and February 4, 1904.

LEASED RAILWAY PROPERTY

As soon as the Plattsburgh and Dannemora was ready for operation it was leased to the Chateaugay Railroad Company, under an agreement dated May 20, 1879, for 100 years from July 1, 1879. The terms of the agreement provided, among other things, that the lessee would construct a railroad from Dannemora to Chateaugay ore mines; would, so far as practicable, maintain a regular train schedule; would maintain and operate the road, renew the equipment and relocate the road, and change the gauge at its own expense when found to be necessary; that it would not charge more than 5 cents per mile for the transportation of passengers to and from Clinton Prison; that it would transport without charge the officers of the prison on official business, and all necessary supplies for the maintenance of the prison, charging only a fair and reasonable rate upon the materials used in the construction or repairing of the prison; and that it would be exempt from the payment of all taxes levied by the State.

APPENDIX 3

ANALYSIS OF METHODS FOR DETERMINING WORKING CAPITAL

Working capital is understood to include two parts: First, the investment in a stock of material and supplies, and, second, the cash necessary to pay the operating expenses incurred for common-carrier service prior to the time when the revenues from that service are available.

Considering that the revenues from service performed in any particular period lag behind the expenses incurred for the service within that particular period, the amount of cash working capital needed for operating purposes is the amount by which the matured operating expenses exceed that part of the accrued revenues applicable to operating expenses which has been collected, has reached the treasury, and has become available for paying bills.

It is immaterial whether this fund of working capital is provided by the owners, or secured in part on occasion through bank loans, or in part by
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impounding that portion of maturing revenues which is applicable as a return on the property.

A practicable way to determine the portion of expenses for service in any period that exceeds maturing revenues from such service will be to consider that, of all operating expenses for service in any period, there will be met from maturing revenues from that service a proportion that is equal to the proportion of all accrued revenues from service within the period that reaches the treasury within that period. The remaining proportion of operating expenses will be the measure of the cash working capital actually used.

Consideration was given to the various factors in this relation between the available revenues and the expenses within any period. Also, consideration has been given to the requirements in the way of a stock of material and supplies. The factors affecting cash working capital are as follows: The relative amount of revenue from the various classes of service; the elapsed time from the beginning of such service to the receipt in the treasury of the revenues for the service, including, for prepaid freight, the time for movement of empty cars to the point of loading, the time consumed in loading, and the time the receipts are in transit to the treasury, and, for freight with charges collected at destination, in addition, the time for movement under load, the time consumed in unloading, and the credit period for payment of charges; the relative amount of operating expenses for various purposes; and the elapsed time from the beginning of the accrual of such respective expenses to the time when they must be paid. The factors in most cases represent the experience of all Class I carriers and in a few cases consist of specially assembled data from the experience of territorially scattered carriers that represent over 40 per cent of the operating expenses of all Class I carriers. For material and supplies, consideration has been given to the average book value of the stock carried by all Class I and Class II carriers on June 30 for the years 1914-1916, and to the fact that some part of this stock is held for additions and betterments and new construction and that some part represents more or less obsolete material.

Considering these facts and reducing these data to an equivalent percentage of a year's operating expenses, the result indicates that the average requirements of carriers for operating working capital, including cash on hand and investment in a stock of material and supplies, is about 13.6 per cent of a year's operating expenses. But since operating expenses for the year ended on date of valuation may be more or less than normal, the expenses for a period, usually five years, preceding date of valuation, have been taken to determine the normal annual expenses as of date of valuation.

In determining working capital for individual roads, consideration is given, so far as data obtainable from reports on file with us apply, to the difference between the factors applicable to those roads and the average of factors applicable to all roads as a whole, as hereinbefore mentioned. These differences are in respect to the relative amount of revenues from passenger and freight service, and the average haul of freight and the ratio between empty and loaded car movement in their effect upon the elapsed time before the revenues from each class of service are in hand.

Under the law only such cash and material and supplies as are used for common-carrier purposes may be included in the value found for common-carrier property. Since the above method reveals the amount actually so used, the remainder of such assets that may happen to be in hand because of various causes other than those lying in the performance of common-carrier service must be considered for the purpose of valuation as "held for purposes other than those of a common carrier."

If the amount of cash and material and supplies held on date of valuation is less than the amount determined by the above method, due to assistance from affiliated companies or to other special circumstances, the carrier's common-carrier property of that kind can not, of course, be greater than the amount actually on hand. In such cases the value found for working capital is that for the cash and material and supplies.

This method does not lend itself to the determination of working capital for switching and terminal companies, whose operations and methods of financing them are unlike the operations and revenues therefrom of line-haul carriers. Therefore, some other method will be used in such cases.

ORDER

Entered November 2, 1926

Valuation Docket No. 199

Greenwich & Johnsonville Railway Company

Location and general description of property.—The railroad of Greenwich & Johnsonville Railway Company, hereinafter called the Greenwich & Johnsonville, is a single-track standard-gauge steam railroad, located in the eastern part of New York. The owned mileage extends northerly from Johnsonville to Greenwich, N. Y., thence in a southwesterly direction to Schuylerville, N. Y., a distance of 21.461 miles. The Greenwich & Johnsonville also owns yard and side tracks totaling 4.320 miles. Its road thus embraces 25.781 miles of all tracks owned. In Appendix 1 will be found a general description of the property of the Greenwich & Johnsonville.

Jointly used property.—The Greenwich & Johnsonville has no jointly owned and used property. In Appendix 2, under the caption Leased Railway Property, will be found a statement showing the property used jointly with others and the terms of its use.

Traffic connections.—The railroad of the Greenwich & Johnsonville connects at Johnsonville with the line of the Boston & Maine Railroad, with the lines of the carrier at Greenwich, and Hudson Valley Railway Company near Thomson, N. Y.

Physical conditions affecting construction.—The country traversed is rolling; the soil is of loam, clay, and gravel, some portions being intermixed with boulders. Where found, the ledge rock is of hard shale and sandstone, lying close to the surface.

Economic conditions relating to traffic.—The principal products of the region are those of the farm and the factory.

Corporate history.—The Greenwich & Johnsonville was incorporated August 12, 1903, through the filing with the secretary of state of New York of an agreement dated June 6, 1903, providing for the consolidation of The Greenwich & Johnsonville Railway Company (incorporation of 1879) and the Battenkill Railroad. The Green-
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wich & Johnsonville was incorporated for a term of 500 years from August 12, 1903. The principal office is at Greenwich. The carrier controls the Greenwich & Johnsonville through ownership of the entire outstanding capital stock of the latter. The detailed facts as to the development of fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Greenwich & Johnsonville has issued a total of \$1,232,240.48 in stocks, bonds, and nonnegotiable debt. Of this amount, \$742,360.23 was outstanding on date of valuation. Of the securities outstanding, \$225,000 are in capital stock, \$400,000 in first-mortgage bonds, and \$117,360.23 in nonnegotiable debt. The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Greenwich & Johnsonville, are given in Appendix 2.

Gross and net earnings of the Greenwich & Johnsonville.—Although the Greenwich & Johnsonville was incorporated August 12, 1903, the books of account were not closed at that time, the last previous closing date, or July 1, 1903, being taken as a matter of convenience. The income account, therefore, begins with this latter date. The result of corporate operations from July 1, 1903, to date of valuation, is detailed in Appendix 2, and is summarized as follows:

Gross earnings (railway operating revenues)-----	\$1, 356, 164. 64
Operating expenses (railway operating expenses)-----	690, 612. 94
Resulting in net earnings (net revenue from railway operations) of-----	<u>665, 551. 70</u>
During the same period taxes assessed (railway tax accruals) amounted to-----	47, 743. 01
Uncollectible railway revenues amounted to-----	131. 01
Total-----	<u>47, 874. 02</u>
Resulting in income from railway operations (railway operating income) of-----	617, 677. 68
In addition there was income from nonoperating sources (nonoperating income) of-----	26, 749. 76
Resulting in gross income for the period (gross income) of-----	644, 427. 44
During this period hire of equipment and rents (chargeable to deductions from gross income) amounted to-----	121, 420. 61
Resulting in an amount available for payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income) of-----	523, 006. 83
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From 1903 to date of valuation the Greenwich & Johnsonville paid dividends amounting in the aggregate to \$139,500. The rate for the years 1904 to 1911, inclusive, was 4 per cent; that for the years 1912 to date of valuation, inclusive, was 6 per cent.

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

ASSETS	
Investments:	
Investment in road and equipment-----	\$791,563.25
Miscellaneous physical property-----	5,635.83
	\$797,199.08
Current assets:	
Cash-----	64,627.74
Traffic and car-service balances receivable-----	50.74
Net balance receivable from agents and conductors-----	5,979.88
Miscellaneous accounts receivable-----	6,934.97
Materials and supplies-----	7,088.39
Other current assets-----	5,131.25
	89,812.97
Deferred assets, working fund advances-----	3,988.86
Unadjusted debits, other unadjusted debits-----	2,845.65
	893,846.56
Grand total-----	893,846.56
LIABILITIES	
Stock, capital stock-----	\$225,000.00
Long-term debt:	
Funded debt unmatured, total book liability---	\$500,000.00
Held by the Greenwich & Johnsonville-----	100,000.00
	400,000.00
Nonnegotiable debt to affiliated companies (notes)-----	177,360.23
	517,360.23
Current liabilities:	
Traffic and car-service balances payable-----	22,341.06
Audited accounts and wages payable-----	15,694.25
Interest matured unpaid-----	8,000.00
Dividends matured unpaid-----	13,500.00
	59,535.31
Unadjusted credits:	
Accrued depreciation, equipment-----	61.50
Other unadjusted credits-----	4,194.98
	4,256.48
Corporate surplus, profit and loss, credit balance-----	87,694.54
Grand total-----	893,846.56

Investment in road and equipment.—The investment in road and equipment, including land, on date of valuation, is stated in the

books of the Greenwich & Johnsonville to be \$791,563.25. Of this amount, \$199,744.66 represents securities issued, the value of which at the time issued is not known and can not be determined. If certain readjustments were made, as detailed in Appendix 2, this amount would be increased to \$819,561.72. A detailed analysis of this amount will be found in Appendix 2.

Original cost to date.—The original cost to date of the common-carrier property of the Greenwich & Johnsonville can not be ascertained. A detailed statement of the known costs of creating and improving the property will be found in Appendix 2. Information respecting the original cost of lands, roadway machines, and equipment will be found in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property other than land, wholly owned and used, are found to be \$926,285 and \$753,717, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheet, which is a part of Appendix 1.

Cost of lands, rights of way, and terminals at the time of dedication to public use, and their present value.—The Greenwich & Johnsonville owns and uses for common-carrier purposes 228.17 acres of lands. The original cost of these lands, as supported by the accounting records, was \$38,814.70 and an indeterminate part of \$1,200, the cost of lands owned by the Greenwich & Johnsonville and devoted partly to carrier and partly to noncarrier purposes, which can not be apportioned between the two classes. The Greenwich & Johnsonville claims additional costs for lands wholly owned and used of \$11,778.97 and \$7,725 for lands devoted partly to carrier and partly to noncarrier purposes, which are not supported by accounting records. The present value of the carrier lands is \$25,824.98. The estimates of original cost of condemnation and damages or of purchase of lands in excess of such original cost or present value contained in the tentative valuation will be omitted from this order for the reason that the valuation act has been so amended as no longer to require us to report this information.

Rights in private land.—The Greenwich & Johnsonville owns rights in private lands, the original cost and present value of which is \$40:

Property held for purposes other than those of a common carrier.—The Greenwich & Johnsonville owns 1.58 acres of land which have been classified as noncarrier. The present value, including the value

of improvements thereon, is \$4,697.80. The original cost of these lands can not be ascertained. There is also an indeterminate part of \$1,200, the cost of lands owned by the Greenwich & Johnsonville and devoted, partly to carrier and partly to noncarrier purposes, which can not be apportioned between the two classes, as hereinbefore stated.

Aids, gifts, grants of rights of way, and donations.—The Greenwich & Johnsonville owns and uses for its purposes as a common carrier 4.50 acres of land, with a present value of \$355.10. The title to these lands being conveyed by deeds reciting nominal considerations only, they are classified by us as aids. The value of these lands at the time acquired can not be determined.

Materials and supplies.—As stated in the general balance sheet, the value of materials and supplies on hand on date of valuation is shown by the Greenwich & Johnsonville's records to have been \$7,088.39.

Final value.—After careful consideration of all the facts contained herein, including appreciation, depreciation, going-concern value, working capital, 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 Greenwich & Johnsonville, owned and used for common-carrier purposes, is found to be \$901,912. There is included in the value above stated the sum of \$71,716, on account of working capital, including materials and supplies.

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

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

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

APPENDIX 1

ROAD

Grading averages about 39,000 cubic yards to the mile, and has been computed on a one-way basis with overhaul. The track is laid with Bessemer rail ranging in weight from 56 pounds to 85 pounds, 70-pound rail predominating. There are a number of river bridges, the principal one being a 12-span structure over the Hudson River.

ENGINEERING AND GENERAL EXPENDITURES

Engineering has been allowed at 4.5 per cent on road accounts 3 to 47, inclusive. General expenditures, exclusive of interest, have been allowed on the basis of 1.5 per cent on road accounts 1 to 47, exclusive of account 2. Interest during construction has been allowed for one-half the construction period of 12 months plus 3 months, at the rate of 6 per cent per annum on all road and general expenditures accounts, excepting accounts 2 and 76. Interest on equipment has been allowed for 3 months at 6 per cent per annum.

SUMMARY

Wholly owned and used

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
I. ROAD			
1	Engineering.....	\$35,700	\$35,700
3	Grading.....	284,050	283,641
6	Bridges, trestles, and culverts.....	263,586	167,884
8	Ties.....	57,339	28,670
9	Rails.....	77,802	63,361
10	Other track material.....	17,426	11,267
11	Ballast.....	32,854	24,640
12	Tracklaying and surfacing.....	46,408	32,022
13	Right-of-way fences.....	11,425	5,795
15	Crossings and signs.....	6,459	5,310
16	Station and office buildings.....	38,966	25,067
17	Roadway buildings.....	2,422	1,206
18	Water stations.....	1,879	1,071
19	Fuel stations.....	1,336	834
20	Shops and engine houses.....	6,866	3,984
26	Telegraph and telephone lines.....	2,672	1,519
37	Roadway machines.....	420	219
38	Roadway small tools.....	333	167
44	Shop machinery.....	1,101	612
	Total, 1, and 3 to 47, inclusive.....	829,044	632,960
II. EQUIPMENT			
51	Steam locomotives.....	27,249	11,197
53	Freight-train cars.....	2,092	884
54	Passenger-train cars.....	14,903	5,414
57	Work equipment.....	2,000	728
	Total, 51 to 58, inclusive.....	46,244	18,223
III. GENERAL EXPENDITURES			
71	Organization expenses.....	12,436	10,446
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	38,561	32,079
76	Interest during construction.....		
	Total, 71 to 77, inclusive.....	50,997	42,525
	Grand total, 1, and 3 to 77, inclusive.....	926,285	753,717

APPENDIX 2

For information respecting the predecessors of the Greenwich & Johnsonville, reference is made to the accounting report hereinbefore mentioned. The Greenwich & Johnsonville continued the accounts of The Greenwich Johnsonville Railway Company of 1879, so that there was no break in the accounting of August 12, 1903, the date of consolidation. For this reason it has been impossible to make a separate reporting of the results of corporate operations, and certain other data for the period before and after August 12, 1903.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

On date of valuation the Greenwich & Johnsonville owned and operated about 21.461 miles of single-track standard-gauge railroad between Greenwich and Schuylerville, of which 14.000 miles were acquired from The Greenwich & Johnsonville Railway Company of 1879 under the consolidation arrangement, and 7.15 miles by the completion of the railroad begun by the Battenkill Railroad but unfinished at date of consolidation. The recorded mileage of 21.150 on date of valuation was increased by 0.311 mile as a result of actual measurements by the commission, making the total as above shown.

The Greenwich & Johnsonville constructed a branch line about 10 miles long, designated the Salem branch, between Greenwich and Greenwich Junction, N. Y., which line was subsequently sold to the carrier.

HISTORY OF CAPITAL FINANCING

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

Description	Originally issued	Retired or held by or for the Greenwich and Johnsonville	Outstanding
Common stock.....	\$225,000.00		\$225,000.00
Funded debt.....	500,000.00	\$100,000.00	400,000.00
Nonnegotiable debt to affiliated companies.....	507,240.48	389,880.25	117,360.23
Total.....	1,232,240.48	489,880.25	742,360.23

The securities of the Greenwich & Johnsonville held by or for it consisted of \$100,000 par value of first-mortgage bonds nominally issued and held in the carrier's treasury.

Capital stock.—The capital stock of \$225,000 par value was issued in exchange at face value for \$150,000 par value of the capital stock of The Greenwich & Johnsonville Railway Company of 1879, and \$75,000 par value of the capital stock of the Battenkill Railroad. In connection with the exchange for the Battenkill Railroad stock, the Greenwich & Johnsonville charged \$36,744.66 to its road and equipment investment account and \$38,255.34 to its profit and loss account.

Funded debt.—First-mortgage 20-year 4 per cent bonds of \$500,000 par value, due January 1, 1924, were authorized for construction and general purposes and were issued as follows: \$16,000 par value were sold for cash at face value; \$371,000 par value were issued to retire an equal par value of notes payable; \$13,000 par value were reported issued for services and charged at par value to the investment in road and equipment; and \$100,000 par value

were issued and placed in the treasury. The records indicate that the bonds given for services were issued to an individual who was a director of the Greenwich & Johnsonville, but the ultimate disposition was not ascertainable. None of the bonds had been retired at date of valuation.

Nonnegotiable debt to affiliated companies.—Nonnegotiable debt to affiliated companies was incurred in the receipt of \$507,240.48 as advances from the carrier. This obligation had been reduced to \$117,360.23 on date of valuation by a credit allowance of \$389,880.25 on account of the sale of the Salem branch to the carrier.

Notes.—The Greenwich & Johnsonville assumed notes payable of \$347,375 face value in the consolidation and issued short-term notes for temporary financing to the amount of \$413,875.75, of which latter amount \$25,000 represented renewal of notes due. The consideration received for the remaining notes of \$388,875.75 face value issued was cash. The entire amount of \$736,250.75 face value was retired with \$365,250.75 cash and \$371,000 par value of first-mortgage bonds. The consolidation of August 12, 1903, did not cause any increase or decrease in the par value of capital stock or short-term notes over those issued by the consolidating companies and outstanding August 12, 1903.

RESULT OF CORPORATE OPERATIONS

Income account.—The income account of the Greenwich & Johnsonville for the year ended on date of valuation, and for the period from July 1, 1903, to date of valuation, is stated as follows:

	Year	Period
Operating income:		
Railway operating revenues.....	\$128,317.53	\$1,356,164.64
Railway operating expenses.....	59,510.60	690,612.94
Net revenue from railway operations.....	68,806.93	665,551.70
Railway tax accruals.....	4,798.48	47,743.01
Uncollectible railway revenues.....	131.01	131.01
	4,929.49	47,874.20
Railway operating income.....	63,877.44	617,677.68
Nonoperating income:		
Hire of equipment.....		568.90
Joint-facility rent income.....	2,000.00	6,000.00
Miscellaneous rent income.....	28.00	15,665.55
Miscellaneous nonoperating physical property.....	484.78	1,458.18
Separately operated properties.....		502.84
Income from unfunded securities and accounts.....	569.01	1,477.19
Miscellaneous income.....		1,079.10
Total nonoperating income.....	3,079.79	26,749.76
Gross income.....	66,957.23	644,427.44
Deductions from gross income:		
Hire of equipment.....	14,616.58	119,584.61
Joint-facility rents.....		1,800.00
Miscellaneous rents.....	12.00	36.00
Interest on funded debt.....	16,000.00	199,200.00
Interest on unfunded debt.....	5,965.80	77,282.77
Total deductions.....	36,594.38	397,903.38
Net income.....	30,362.85	246,524.06
Income balance transferred to credit of profit and loss.....	30,362.85	246,524.06

If certain delayed-income items stated in the profit and loss account were taken into the income statement for the entire period from 1879 to 1916, the credit balance for that period carried to profit and loss would be increased from \$503,477.18 to \$504,583.13.

Profit and loss account.—The profit and loss account of the Greenwich & Johnsonville on date of valuation is stated as follows:

Credits:

Credit balance transferred from income.....	\$503,477.18
Profit on road and equipment sold.....	6,842.49
Delayed-income credit (operating revenues).....	1,109.24
Miscellaneous credits—	
Adjustment of balance sheet accounts.....	\$2,360.43
Other.....	7,260.76
	9,621.19
Total credits	521,050.10

Debits:

Dividend appropriations of surplus, prior to and including 1902.....	\$237,135.00
Dividend appropriations of surplus, subsequent to 1902.....	139,500.00
Miscellaneous appropriations of surplus.....	2,691.74
Delayed-income debit (hire of equipment).....	3.29
Miscellaneous debits—	
Difference between par value (\$75,000) of capital stock issued in exchange for the Battenkill Railroad in the consolidation of Aug. 12, 1903, and an amount of \$36,744.66 charged by the Greenwich & Johnsonville to its investment in road and equipment.....	\$38,255.34
Cancellation of accounts receivable.....	1,657.37
Bridges abandoned.....	4,576.76
Depreciation of equipment.....	4,695.80
Other.....	4,840.26
	54,025.53
Credit balance at date of valuation.....	87,694.54
Total debits	521,050.10

The credit balance here shown agrees with that in the Greenwich & Johnsonville's report to us for the year ended on date of valuation.

INVESTMENT IN ROAD AND EQUIPMENT

On date of valuation, the road and equipment investment account of the Greenwich & Johnsonville showed a balance of \$791,563.25, which has been established as follows:

Property acquired in the consolidation of Aug. 12, 1903:

From the Greenwich & Johnsonville Railway Company of 1879, balance in road and equipment account of the Greenwich & Johnsonville Railway Company of 1879 at June 30, 1903, the last day the books of accounts were balanced prior to consolidation on Aug. 12, 1903, and which was continued on the books of the Greenwich & Johnsonville as an item in its road and equipment investment account.....	\$514,222.94
From the Battenkill Railroad, amount recorded in road and equipment investment account of Greenwich & Johnsonville, being the par value, \$75,000, of capital stock of Green-	

wich & Johnsonville given for an equal par value of the outstanding stock of the Battenkill Railroad in the consolidation of Aug. 12, 1903, less an amount of \$38,255.34 charged to the profit and loss account of the Greenwich & Johnsonville		\$36,744.66
Construction, additions, and betterments:		
Construction of Salem branch—		
Recorded money expenditure..	\$281,023.63	
Interest charges.....	23,856.62	
Short-term notes issued at par, retired with cash.....	85,000.00	
		\$389,880.25
Other road additions and betterments—		
Recorded money expenditure..	\$216,253.50	
Interest charges.....	2,750.00	
First-mortgage bonds issued for services charged at par value, no details.....	13,000.00	
		232,003.50
Equipment, recorded money expenditure.....	13,838.91	
		\$635,722.66
Total		1,186,690.26
Retirements:		
Salem branch sold to carrier in consideration of credit on advances account with that company, recorded cost.....	\$389,880.25	
Bridge retired at.....	4,576.76	
Equipment retired at.....	670.00	
		395,127.01
Balance on date of valuation.....		791,563.25
<p>Under the consolidation of August 12, 1903, the Greenwich & Johnsonville was formed as a new corporation, and issued securities and assumed certain assets and liabilities of the consolidation companies in connection with acquiring the property, etc., of The Greenwich & Johnsonville Railway Company of 1879 and the Battenkill Railroad. Under the present accounting rules, prescribed by us, the opening entry in the road and equipment investment account of the Greenwich & Johnsonville would have been the actual cost to it of the properties acquired in the consolidation, the elements of which cost are detailed below so far as now ascertainable. However, the amounts shown for the miscellaneous assets and liabilities assumed are those stated as of June 30, 1903, the last date the books of the Greenwich & Johnsonville Railway Company of 1879 were balanced.</p>		
Capital stock of the Greenwich & Johnsonville issued in exchange for the outstanding capital stock of equal par value of the Greenwich and Johnsonville Railway Company of 1879, par value.....		\$150,000.00
Capital stock of the Greenwich & Johnsonville issued in exchange for outstanding capital stock of equal par value of the Battenkill Railroad, recorded at.....		36,744.66
Liabilities of The Greenwich & Johnsonville Railway Company of 1879 assumed, recorded amount:		
Loans and bills payable.....	\$347,375.00	

Traffic and car-service balances payable, recorded value June 30, 1903-----	\$1, 456. 49	
		<u>\$548, 831. 49</u>
Total-----		535, 576. 15
Less following assets of The Greenwich & Johnsonville Railway Company of 1879, acquired, recorded value June 30, 1903:		
Miscellaneous physical property-----	\$5, 688. 35	
Cash-----	287. 28	
Net balance receivable from agents and conductors--	8, 705. 91	
Miscellaneous accounts receivable-----	421. 13	
Materials and supplies-----	5, 742. 88	
Rents and insurance premiums paid in advance.---	344. 37	
		<u>\$21, 189. 92</u>
Balance-----		514, 386. 23

The miscellaneous liabilities and assets applied in the above statement represent all such items appearing in the general balance sheet of The Greenwich & Johnsonville Railway Company of 1879 as of June 30, 1903, except other unadjusted debits amounting to \$568.22, and other unadjusted credits in amount of \$4,000, the nature of which could not be determined. If the actual considerations, so far as known, given by the Greenwich & Johnsonville for the property of The Greenwich & Johnsonville Railway Company of 1879 were substituted for the balance in the road and equipment investment account of that predecessor at the time of consolidation, which was continued by the Greenwich & Johnsonville as its own; and if the charges for constructing the Salem branch be canceled by applying the later credit of the recorded cost of that branch, the balance in the Greenwich & Johnsonville's road and equipment investment account at date of valuation would comprise the following classes of considerations:

Recorded money expenditure-----	\$230, 092. 41
Interest charged on money expenditure-----	2, 750. 00
Capital stock, issued at par value-----	150, 000. 00
Capital stock, par value \$75,000, issued at recorded value of-----	36, 744. 66
First-mortgage bonds issued at par value-----	13, 000. 00
Loans and bills payable assumed, recorded value-----	369, 575. 00
	<u>802, 162. 07</u>
Total-----	
Less the unknown cost of property retired, not specifically assignable to any one or more of the above classes of expenditure, credited at-----	5, 246. 76
	<u>796, 915. 31</u>
Balance-----	

With the above should be combined the current and other liabilities and the current and other assets of The Greenwich & Johnsonville Railway Company of 1879 at the date of the consolidation, which were taken up by the carrier without closing the old accounts. The value of these items at that date is stated in the records, but at June 30, 1903, they were recorded as already detailed, summarized as follows:

Traffic and car-service balances payable assumed, recorded value June 30, 1903-----	\$1, 456. 49
Current and other assets, other than road and equipment, taken over, recorded value June 30, 1903-----	21, 189. 92
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The above may include some part of the cost to the Greenwich & Johnsonville of certain lands, partly carrier and partly noncarrier, reported by the Greenwich & Johnsonville with original costs of \$1,200, found to be supported by accounts, and \$7,725 not so supported, for the charges to miscellaneous physical property do not entirely cover the reported cost of this land. The records of the Greenwich & Johnsonville do not show an assignment of the costs as between the Greenwich & Johnsonville and the noncarrier portions of this land. The miscellaneous physical property account on date of valuation showed a balance of \$5,635.83, which covered land and tenements thereon, and which was nearly the same as the like balance for The Greenwich & Johnsonville Railway Company of 1879 on June 30, 1903, namely, \$5,688.35. The examination of the road and equipment investment account of the Greenwich & Johnsonville did not disclose any credit items to cover retirements of property represented by the above expenditures, other than the \$5,246.76 detailed above. It can not be stated that no other property was retired.

ORIGINAL COST TO DATE

The obtainable data as to the recorded expenditures by the Greenwich & Johnsonville and by The Greenwich & Johnsonville Railway Company of 1879 in creating and improving the property include only data on the expenditures by The Greenwich & Johnsonville Railway Company of 1879 for additions and betterments to the property acquired from The Greenwich & Johnsonville Railway Company of 1866, and on the expenditures by the Greenwich & Johnsonville for completing construction of the Battenkill Railroad and for additions and betterments to all of the property acquired by the consolidation in 1903. These data are summarized as follows:

Road:

Recorded money expenditures—

By the Greenwich & Johnsonville.....	\$216, 253. 50	
By The Greenwich & Johnsonville Railway Company of 1879.....	366, 470. 01	
		<u>\$592, 723. 51</u>
Interest charges by Greenwich & Johnsonville.....		2, 750. 00
Funded debt issued by Greenwich & Johnsonville at par value..		<u>13, 000. 00</u>
Total.....		598, 473. 51
Less the unknown part included in any of the above expendi- tures of the unknown cost of road retired by the Greenwich & Johnsonville, entire retirement credited at.....		<u>4, 576. 76</u>
Balance.....		593, 896. 75

Equipment:

Verified costs of 8 out of 13 units of equipment reported by the Greenwich & Johnsonville, nature of expenditure not shown..		<u>31, 047. 89</u>
Total.....		624, 944. 64

While the expenditure for constructing the property of the Battenkill Railroad and The Greenwich and Johnsonville Railway Company of 1866 is not known, the considerations given in acquiring those properties were as here stated. The Greenwich & Johnsonville issued capital stock of \$75,000 par value in exchange for an equal par value of the capital stock of the Battenkill Railroad in acquiring the property of the latter in the consolidation of August 12, 1903. But the Greenwich & Johnsonville charged only \$36,744.66 to its road and equipment investment account, the discount of \$38,255.34 being charged

to its profit and loss account. The road of the Battenkill Railroad was in process of construction on August 12, 1903. The recorded outlay of The Greenwich and Johnsonville Railway Company of 1879 in acquiring the property of The Greenwich and Johnsonville Railway Company of 1866 under foreclosure and sale proceedings was \$118,000 par value of the latter's capital stock, recorded at its par value, and \$14,500 in cash, of which latter amount \$7,000 was attributable to road and \$7,500 to equipment.

Cost of roadway machines and shop machinery.—The Greenwich & Johnsonville reported 14 units of roadway machines on hand with costs of \$460. It also reported shop machinery with costs of \$133. The costs reported for roadway machines are estimates of the Greenwich & Johnsonville and are not supported by the accounting records. Of the costs reported for shop machinery, but \$61.20 are supported by the records, the balance being estimated by the Greenwich & Johnsonville.

Cost of equipment.—The Greenwich & Johnsonville reports 13 units of equipment with costs of \$41,824.49. Of this amount, \$31,047.89 is supported by the accounting records, the balance representing the estimate of the Greenwich & Johnsonville. A summary of the equipment follows.

	Costs supported by accounts		Costs estimated by Greenwich & Johnsonville	
	Units	Amount	Units	Amount
Steam locomotives.....	2	\$15,608.40	1	\$8,026.60
Freight-train cars.....	2	619.87	3	1,250.00
Passenger-train cars.....	4	14,828.62		
Work equipment.....			1	1,500.00
Total.....	8	31,047.89	5	10,776.60

Cost of lands.—The Greenwich & Johnsonville reported lands owned and used with total costs of \$68,631.37. In verifying the returns, estimated costs aggregating \$9,072.70 have been disallowed, leaving \$59,558.67, classified as follows:

Classification	Supported costs	Estimated costs
Lands devoted wholly to carrier purposes, owned and used.....	\$38,814.70	\$11,778.97
Rights in private lands.....		40.00
Lands partly used for carrier and partly held for noncarrier purposes, owned and used.....	1,200.00	7,725.00
Total.....	40,014.70	19,543.97

MISCELLANEOUS PHYSICAL PROPERTY

The balance in the miscellaneous physical property account of the Greenwich & Johnsonville on date of valuation was \$5,635.83. An analysis of this balance was not obtained. Attention is also directed to that portion of the section on investment in road and equipment covering land with claimed costs of \$8,925, classified as devoted partly to carrier and partly to non-carrier purposes.

LEASED RAILWAY PROPERTY

The Greenwich & Johnsonville grants the use of 0.6 mile of track between Thomson and Liberty, N. Y., to the Hudson Valley Railway Company at an 116 I. C. C.

annual rental of \$2,000, which is covered by an agreement dated January 19, 1911.

ORDER

Entered November 2, 1926

Valuation Docket No. 296

The Cooperstown and Charlotte Valley Rail-Road Company and The Cooperstown & Susquehanna Valley Rail Road

THE COOPERATION AND CHARLOTTE VALLEY RAIL-ROAD COMPANY
(COOPERSTOWN AND CHARLOTTE VALLEY)

Location and general description of property.—The railroad of The Cooperstown and Charlotte Valley Rail-Road Company, hereinafter called the Cooperstown and Charlotte Valley, is a single-track standard-gauge steam railroad, located in the south-central part of New York. The owned mileage extends westwardly from a point near West Davenport to Hemlocks, a distance of 1.231 miles. The Cooperstown and Charlotte Valley also owns yard and side tracks totaling 0.014 mile. Its road thus embraces 1.245 miles of all tracks owned. The property is operated by its own organization. A summary of the mileage owned and used, and used but not owned, by the Cooperstown and Charlotte Valley follows:

	Main track	Yard and side tracks	All tracks
	<i>Miles</i>	<i>Miles</i>	<i>Miles</i>
Wholly owned and used.....	1. 231	0. 014	1. 245
Used but not owned, leased from the Cooperstown & Susquehanna Valley.....	20. 003	2. 833	22. 836
Total owned.....	1. 231	0. 014	1. 245
Total used.....	21. 234	2. 847	24. 081

In Appendix 1 will be found a general description of the property of the Cooperstown and Charlotte Valley.

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

Traffic connections.—The railroad operated by the Cooperstown and Charlotte Valley connects near West Davenport with the line of The Ulster & Delaware Railroad Company, and at Cooperstown Junction with the line of the carrier.

Physical conditions affecting construction.—The territory traversed by the railroad of the Cooperstown and Charlotte Valley is gently rolling in character.

Economic conditions relating to traffic.—The principal traffic of the Cooperstown and Charlotte Valley is derived from the products of farms.

Corporate history.—The Cooperstown and Charlotte Valley was incorporated April 13, 1891, through filing with the secretary of state of New York an agreement for the consolidation of the properties, etc., of The Cooperstown and Charlotte Valley Railroad Company (of 1888) and of the West Davenport Rail Road Company. It was incorporated for the purpose of completing construction, managing, and operating the roads of the respective companies. It was organized April 15, 1891, and has its principal office at New York. The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Cooperstown and Charlotte Valley has issued a total of \$45,000 in capital stock, all of which was outstanding on date of valuation. It has also issued or assumed and retired, to date of valuation, \$244,853.86 in short-term notes. The Cooperstown and Charlotte Valley is controlled by the carrier through ownership of its entire outstanding capital stock. The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Cooperstown and Charlotte Valley are given in Appendix 2.

Gross and net earnings of The Cooperstown and Charlotte Valley.—The results of corporate operations of The Cooperstown and Charlotte Valley for the periods from April 13, 1891, to June 30, 1904, taken from The Cooperstown and Charlotte Valley's records, and from July 1, 1904, to date of valuation, compiled from reports submitted to us, are stated in detail in Appendix 2, and summarized as follows:

	Apr. 13, 1891, to June 30, 1904	July 1, 1904, to date of valuation
Gross revenues (railway operating revenues)	\$660,455.62	\$468,305.46
Operating expenses (railway operating expenses)	508,550.12	354,158.16
Resulting in net earnings (net revenue from railway operations) of...	151,905.50	114,147.30
During the same period taxes assessed (railway tax accruals) amounted to...	21,966.39	24,205.99
Resulting in net income from railway operations (railway operating income) of.....	129,909.11	89,941.31
In addition to this there was income from nonoperating sources (nonoperating income) of.....	5,325.81	60,390.44
Resulting in gross income for the period (gross income) of.....	135,234.92	150,331.75
During this period rents (chargeable to deduction from gross income) amounted to.....	118,816.99	128,661.58
Resulting in amount available for payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income) of.....	16,417.93	21,670.17

No dividends have been paid by the Cooperstown and Charlotte Valley.

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

ASSETS

Investments:

Investment in road.....	\$70,099.89
Improvements on leased railway property.....	41,282.01
Total.....	\$111,381.90
Deferred assets, other deferred assets.....	933.25
Unadjusted debits, other unadjusted debits.....	1.48
Grand total.....	112,316.63

LIABILITIES

Stock, capital stock.....	45,000.00
Current liabilities:	
Miscellaneous accounts payable.....	\$66,501.90
Other current liabilities.....	27.50
Total.....	66,529.40
Unadjusted credits, other unadjusted credits.....	5,388.77
Total liabilities.....	116,918.17
Corporate surplus, profit and loss, debit balance.....	4,601.54
Total after deducting deficit.....	112,316.63

Investment in road and equipment.—The Cooperstown and Charlotte Valley owns no equipment. The investment in road, including land, on date of valuation, is stated in its books to be \$70,099.89. If certain readjustments were made, as detailed in Appendix 2, this amount would be decreased to \$39,829.89, consisting wholly of money outlay.

Original cost to date.—The original cost to date of the common-carrier property of the Cooperstown and Charlotte Valley can not be ascertained owing to the inadequacy of the records. The obtainable data on the outlay appears in the investment in road, the details of which, by primary accounts, 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, other than land, wholly owned and used and used but not owned by the Cooperstown and Charlotte Valley, are as follows:

Classification	Cost of reproduction new	Cost of reproduction less depreciation
Wholly owned and used.....	\$18,298	\$14,209
Used but not owned, leased from the Cooperstown and Susquehanna Valley.....	597,538	476,230
Total owned.....	18,298	14,209
Total used.....	615,836	490,459

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

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Cooperstown and Charlotte Valley owns and uses for its purposes as a common carrier 14.07 acres of land, with a present value of \$4,300.20. The total original cost of these lands can not be ascertained. Data respecting original cost will be found in Appendix 2. The area and present value of lands owned and used and used but not owned by the Cooperstown and Charlotte Valley are as follows:

Classification	Acres	Present value
Wholly owned and used.....	14.07	\$4,300.20
Used but not owned, leased from:		
Cooperstown and Susquehanna Valley.....	173.38	29,599.98
Carrier.....	8.06	147.00
Private parties.....	.32	280.00
Total leased.....	181.76	30,026.98
Total owned.....	14.07	4,300.20
Total used.....	195.83	34,327.18

Property held for purposes other than those of a common carrier.—The Cooperstown and Charlotte Valley owns 34.61 acres of land classified by us as noncarrier, with a present value, including the value of improvements thereon, of \$821.68. The total original cost of these lands can not be ascertained. Data respecting original cost will be found in Appendix 2.

Aids, gifts, grants of rights of way, and donations.—Of the lands owned by the Cooperstown and Charlotte Valley and classified by us as noncarrier, 6.63 acres, with a present value of \$134.80, were acquired through aids, the title to this land being conveyed by deeds reciting nominal considerations only. The value of this land at the time acquired can not be determined.

Materials and supplies.—The Cooperstown and Charlotte Valley had no materials and supplies on hand on date of valuation.

Final value.—After careful consideration of all the facts contained herein, 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 Cooperstown and Charlotte Valley owned and used and used but not owned, devoted to common-carrier purposes, is found to be as follows:

Wholly owned and used.....	\$26, 000
Used but not owned, leased from—	
Cooperstown & Susquehanna Valley.....	515, 000
Carrier, lands only, present value.....	147
Private parties, lands only, present value.....	280
Total leased.....	515, 427
Total owned.....	26, 000
Total used.....	541, 427

THE COOPERSTOWN & SUSQUEHANNA VALLEY RAILROAD COMPANY

Location and general description of property.—The railroad of The Cooperstown & Susquehanna Valley Railroad Company, hereinafter called the Cooperstown & Susquehanna Valley, is a single-track standard-gauge steam railroad located in the south-central part of New York. The owned mileage extends northwardly from Hemlocks, south of Cooperstown Junction, to Cooperstown, a distance of 20.003 miles. The Cooperstown & Susquehanna Valley also owns yards and side tracks totaling 2.833 miles. Its road thus embraces 22.836 miles of all tracks owned. In Appendix 1 will be found a general description of the property of the Cooperstown & Susquehanna Valley.

Jointly used property.—The Cooperstown & Susquehanna Valley has no jointly owned and used property.

Traffic connections.—The traffic connections are shown in the text of the report upon the Cooperstown and Charlotte Valley.

Physical conditions affecting construction.—In the text of the report upon the Cooperstown and Charlotte Valley is a statement as to the topography, as affecting the construction of the Cooperstown and Charlotte Valley's railroad, which is applicable to the Cooperstown & Susquehanna Valley.

Economic conditions relating to traffic.—Information with respect to this subject will be found in the text of the report upon the Cooperstown and Charlotte Valley.

Corporate history.—The Cooperstown & Susquehanna Valley was incorporated February 25, 1865, under the general laws of New York. The purpose of the incorporation was to construct and operate a railroad in the county of Otsego from Cooperstown to Cooperstown Junction, and to connect with the line of The Albany and Susquehanna Railroad Company at the last-named point. The Cooperstown & Susquehanna Valley was subsequently authorized to extend its line in a southerly direction to Hemlocks, by an amend-

ment to the original articles of incorporation. Its organization was perfected May 2, 1865. Its principal office is located at New York. The detailed facts as to the development of the fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Cooperstown & Susquehanna Valley has issued a total of \$647,400 in stocks and bonds, of which \$507,400 was outstanding on date of valuation. Of the securities outstanding, \$307,400 are in common stock and \$200,000 in first-mortgage bonds. The Cooperstown & Susquehanna Valley is controlled by the carrier through ownership of a majority of the outstanding capital stock. The purposes for which the capital securities were issued and the apparent considerations received therefor, and other facts pertinent to the capitalization of the Cooperstown & Susquehanna Valley, are given in Appendix 2.

Gross and net earnings of the Cooperstown & Susquehanna Valley.—The income account of the Cooperstown & Susquehanna Valley is divided between the period July 14, 1869, to December 31, 1889, as shown in its accounting records, and the period from January 1, 1890, to date of valuation, as compiled from the annual reports of the Railroad Commission of New York and the annual reports submitted by the Cooperstown & Susquehanna Valley to us. The result for the periods stated are shown in detail in Appendix 2, and are summarized as follows:

	July 14, 1869, to Dec. 31, 1889	Jan. 1, 1890, to date of valuation
Gross earnings (railway operating revenues).....	\$725, 134. 59	-----
Operating expenses (railway operating expenses).....	482, 763. 90	-----
Resulting in net earnings (net revenue from railway operations) of.....	242, 370. 69	-----
During the same period taxes assessed (railway tax accruals) amounted to.....	4, 545. 09	-----
Resulting in an income from railway operations (railway operating income) of.....	237, 825. 60	-----
In addition there was income from nonoperating sources (nonoperating income) of.....	16, 800. 73	\$226, 477. 24
Resulting in gross income for the period (gross income) of.....	254, 626. 33	226, 477. 24
Resulting in an amount for the payment of interest and dividends, and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income) of.....	254, 626. 33	226, 477. 24

No dividends have been paid by the Cooperstown & Susquehanna Valley.

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

ASSETS

Investments, investment in road and equipment.....	\$481,998.15
Current assets, rents receivable.....	1,666.67
Deferred assets, other deferred assets.....	25,144.89
Total	508,809.71

LIABILITIES

Stock, capital stock.....	307,400.00
Long-term debt, funded debt unmaturred.....	200,000.00
Current liabilities, unmaturred interest accrued.....	1,666.67
Total liabilities.....	509,066.67
Corporate surplus, profit and loss, debit balance.....	256.96
Total, after deducting deficit.....	508,809.71

Investment in road and equipment.—The investment in road and equipment, including land on date of valuation, is stated in the books of the Cooperstown & Susquehanna Valley to be \$481,998.15. If certain readjustments were made, as detailed in Appendix 2, this amount would be increased to \$566,918.15, of which \$37,800 consists of securities issued. The money value of these securities at the time of entry upon the books of the Cooperstown & Susquehanna Valley is not known and can not be ascertained.

Original cost to date.—The original cost to date of valuation of the common-carrier property owned by the Cooperstown & Susquehanna Valley can not be ascertained owing to the inadequacy of the accounting records. The obtainable data on the outlay appears in the investment in road and equipment, the details of which, by primary accounts, will be found in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned by the Cooperstown & Susquehanna Valley and leased to the Cooperstown & Charlotte Valley are \$597,538 and \$476,230, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in the summary sheets, which are a part of Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Cooperstown & Susquehanna Valley owns 173.38 acres of lands which are leased to the Cooperstown & Charlotte Valley for common-carrier purposes, with a present value of \$29,599.98. The total original cost of these lands can not be ascertained, as the accounting records are not obtainable. Data respecting original cost will be found in Appendix 2.

Property held for purposes other than those of a common carrier.—

The Cooperstown & Susquehanna Valley owns 36.38 acres of lands, with a present value, including the value of improvements thereon, of \$961.30, which have been classified by us as noncarrier. The total original cost of these lands can not be ascertained, as the accounting records are not obtainable. Data respecting original cost will be found in Appendix 2. On lands used for carrier purposes are noncarrier structures with a present value of \$3,125.

*Aids, gifts, grants of rights of way, and donations.—*The Cooperstown & Susquehanna Valley owns certain carrier and noncarrier lands which it acquired through aids. The area and present value of these lands are as follows:

Classification	Acres	Present value
Owned and leased to the Cooperstown and Charlotte Valley.....	5.97	\$12,366.02
Owned, but held for noncarrier purposes.....	3.57	83.85

The foregoing totals are included in the preceding summaries of the present value of lands owned by the Cooperstown & Susquehanna Valley. The value of these lands at the time acquired can not be determined.

*Materials and supplies.—*The Cooperstown & Susquehanna Valley had no materials and supplies on hand on date of valuation.

*Final value.—*After careful consideration of all the facts contained herein, 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 Cooperstown & Susquehanna Valley owned but not used, leased to the Cooperstown & Charlotte Valley for common-carrier purposes, is found to be \$515,000.

IN GENERAL

With respect to each of the foregoing carriers embraced in this proceeding, in addition to the other matters stated, the following paragraphs apply as a part of each of the respective tentative valuations:

*Appendixes.—*Attached hereto and made a part hereof are appendixes 1 and 2. Appendix 1 gives the explanatory text and summary sheets showing the classification of the cost of reproduction new and cost of reproduction less depreciation above set forth, in conformity with the classification of expenditures for road and equipment pre-116 I. C. C.

scribed by us. Appendix 2 shows further details as to the development of fixed physical property, history of capital financing, results of corporate operations, investment in road and equipment, original cost to date, leased railway property, and improvements on leased railway property; excepting those features treated in the text of the report.

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

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

APPENDIX 1

THE COOPERSTOWN AND CHARLOTTE VALLEY AND THE COOPERSTOWN & SUSQUEHANNA VALLEY

ROAD

The roadbed grading quantities average about 27,000 cubic yards of excavation per mile of road. The principal materials encountered are clay, sand, gravel, bowlders, and a little ledge rock. The main-line track is largely laid with rail weighing 80 pounds per yard. With the exception of a substantial brick passenger station and a brick roundhouse at Cooperstown, the buildings are all of simple frame construction. The Cooperstown and Charlotte Valley owns and operates a telegraph line consisting principally of wires strung upon poles belonging to The Western Union Telegraph Company, none of whose property is included in the reproduction costs of this report.

EQUIPMENT

The Cooperstown and Charlotte Valley and its leased line own no equipment.

ENGINEERING AND GENERAL EXPENDITURES

Four per cent on accounts 3 to 47, inclusive, has been estimated for engineering. General expenditures, exclusive of interest, have been estimated on the basis of 1.5 per cent upon road accounts 1 to 47, exclusive of account 2. Interest during construction has been estimated for one-half the construction periods shown below, plus three months, at the rate of 6 per cent per annum on all road and general-expenditures accounts, excepting accounts 2 and 76.

Construction periods.—The construction periods have been estimated as follows: The Cooperstown and Charlotte Valley, 6 months; the Cooperstown & Susquehanna Valley, 12 months.

SUMMARIES

The Cooperstown and Charlotte Valley, wholly owned and used

Account	Classes	Cost of re-production new	Cost of re-production less depreciation
I. ROAD			
1	Engineering.....	\$673	\$673
3	Grading.....	5,862	5,862
6	Bridges, trestles, and culverts.....	1,075	974
8	Ties.....	2,772	1,386
9	Rails.....	2,904	2,149
10	Other track material.....	415	265
11	Ballast.....	954	716
12	Tracklaying and surfacing.....	1,978	1,266
13	Right-of-way fences.....	680	174
15	Crossings and signs.....	172	115
38	Roadway small tools.....	18	9
Total, 1, and 3 to 47, inclusive.....		17,503	13,589
III. GENERAL EXPENDITURES			
71	Organization expenses.....	262	204
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
76	Other expenditures, general.....	533	416
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		795	620
Grand total, 1, and 3 to 77, inclusive.....		18,298	14,209

The Cooperstown and Charlotte Valley, used but not owned, leased from the Cooperstown & Susquehanna Valley

Account	Classes	Cost of re-production new	Cost of re-production less depreciation
I. ROAD			
1	Engineering.....	\$21,668	\$21,668
3	Grading.....	167,291	166,807
6	Bridges, trestles, and culverts.....	89,383	64,903
8	Ties.....	54,679	27,340
9	Rails.....	64,673	59,155
10	Other track material.....	14,681	10,931
11	Ballast.....	23,855	15,018
12	Tracklaying and surfacing.....	40,416	28,695
13	Right-of-way fences.....	11,236	4,717
15	Crossings and signs.....	4,622	2,984
16	Station and office buildings.....	51,195	38,831
17	Roadway buildings.....	1,164	858
18	Water stations.....	3,066	1,692
20	Shops and engine houses.....	14,218	4,614
26	Telegraph and telephone lines.....	889	511
38	Roadway small tools.....	321	161
Total, 1, and 3 to 47, inclusive.....		563,357	448,885
III. GENERAL EXPENDITURES			
71	Organization expenses.....	8,450	6,760
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
76	Other expenditures, general.....	25,731	20,585
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		34,181	27,345
Grand total, 1, and 3 to 77, inclusive.....		597,538	476,230

APPENDIX 2

THE COOPERSTOWN AND CHARLOTTE VALLEY

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The railroad owned by the Cooperstown and Charlotte Valley on date of valuation was acquired from The Cooperstown and Charlotte Valley Railroad Company (of 1888) under the agreement of consolidation effective April 13, 1891. Construction was begun some time during the year 1891 and the road placed in operation on April 13 of that year.

HISTORY OF CAPITAL FINANCING

The records of the Cooperstown and Charlotte Valley disclose no syndicating transactions. The authorized capital stock was \$45,000 par value, divided into shares of \$100 each, and classed as common stock, all of which was outstanding at date of valuation. In accordance with the articles of consolidation the Cooperstown and Charlotte Valley issued \$14,560 of its capital stock in exchange for a like amount of the capital stock of The Cooperstown and Charlotte Valley Railroad Company (of 1888). In July, 1895, there was issued to the directors \$30,270 par value of capital stock "for services in construction of road from 1888 to 1894," which was charged to investment in road and equipment. The remaining 1.7 shares were sold for \$170 cash. The Cooperstown and Charlotte Valley issued short-term notes aggregating \$244,853.86, all of which were retired. The considerations given in the issues and retirements consisted of cash.

RESULTS OF CORPORATE OPERATIONS

Income account.—The income account of the Cooperstown and Charlotte Valley for the year ended on date of valuation, and for the period April 13, 1891, to date of valuation, follows: The statement has been divided between the period April 13, 1891, to June 30, 1904, as recorded from the accounting records of the carrier, and the period July 1, 1904, to date of valuation, as compiled from its annual reports to us.

	Year	Apr. 13, 1891, to June 30, 1904	July 1, 1904, to date of valuation
Operating income:			
Railway operating revenues.....	\$53,956.31	\$660,455.62	\$468,305.46
Railway operating expenses.....	62,787.44	508,550.12	354,158.16
Net revenue from railway operations.....		151,905.50	114,147.30
Net deficit from railway operations.....	8,831.13		
Railway tax accruals.....	3,984.45	21,996.39	24,205.99
Railway operating income.....		129,909.11	89,941.31
Railway operating deficit.....	12,815.58		
Nonoperating income:			
Miscellaneous rent income.....	587.12	5,285.27	3,569.79
Income from unfunded securities and accounts.....		40.54	
Contributions from other companies.....	23,774.99		56,820.65
Total.....	24,362.11	5,325.81	60,390.44
Gross income.....	11,546.53	135,234.92	150,331.75
Deductions from gross income:			
Hire of equipment.....	1,546.53		8,661.58
Rent of leased roads.....	10,000.00	118,816.99	120,000.00
Interest on funded debt.....		26,788.76	
Interest on unfunded debt.....		64.33	
Income transferred to other companies.....			21,670.17
Total.....	11,546.53	145,670.08	150,331.75
Income balance transferred to debit of profit and loss.....		10,435.16	

Profit and loss account.—The profit and loss account of the Cooperstown and Charlotte Valley on date of valuation follows:

Credits:

Credit balance transferred from books of the Cooperstown and Charlotte Valley Railroad Company (of 1888)-----	\$6, 035. 11
Other credits -----	219. 56
Total -----	6, 254. 67

Debits:

Net debit balance transferred from income-----	10, 435. 16
Miscellaneous debits, other debits-----	421. 05
Total -----	10, 856. 21
Debit balance on date of valuation-----	4, 601. 54

INVESTMENT IN ROAD AND EQUIPMENT

The Cooperstown and Charlotte Valley owns no equipment. On date of valuation the road investment account showed a balance of \$70,099.89, which had been established as follows:

Property acquired, that of The Cooperstown and Charlotte Valley Railroad Company (of 1888), balance in the road and equipment investment account of The Cooperstown and Charlotte Valley Railroad Company (of 1888), transferred to books of Cooperstown and Charlotte Valley, representing money outlay-----	\$24, 177. 14
Additions and betterments, money outlay-----	15, 652. 75
Other items, par value of capital stock issued to the directors "for services rendered in construction of road from 1888 to 1894"-----	30, 270. 00
Total -----	70, 099. 89

It the charge designated as "other items," which is not in accord with our present accounting rules, were eliminated, this balance would be reduced to \$39,829.89. The outlay may include the cost of lands classified as noncarrier.

ORIGINAL COST TO DATE

The Cooperstown and Charlotte Valley acquired about 1.231 miles of road from The Cooperstown and Charlotte Valley Railroad Company (of 1888), and to this it made certain additions and betterments at a total recorded money outlay of \$39,829.89, which has been classified by primary accounts as follows:

	Coopers- town & Charlotte Valley (of 1888)	Coopers- town & Charlotte Valley	Total
Road:			
Engineering-----	\$91. 49	\$665. 82	\$757. 31
Land and land damages-----	2, 337. 78		2, 337. 78
Grading and masonry-----	10, 637. 47	13, 421. 50	24, 058. 97
Bridges, trestles, and culverts-----	1, 588. 93	260. 65	1, 849. 58
Superstructure, including ties-----	651. 15	1, 097. 10	1, 748. 25
Rail and other track material-----	7, 961. 44		7, 961. 44
Fences and telephone line-----	383. 78	190. 02	773. 80
Station and office buildings-----	325. 10	17. 66	342. 76
Total -----	24, 177. 14	15, 652. 75	39, 829. 89

This outlay may, however, include the cost of lands classified as noncarrier.
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Cost of lands.—The Cooperstown and Charlotte Valley reports the original cost of all lands owned, including both carrier and noncarrier, as \$15,718.80. In verifying the returns, \$2,952.57 was found not to constitute land costs. The resulting balance of \$12,841.23, made up in part of costs supported by accounting records and, in part, of substantial deed considerations and other amounts, which the Cooperstown and Charlotte Valley claims to represent costs but which are not supported by accounting records, may be classified as follows:

Classification	Costs supported by accounting records	Costs not supported by accounting records
Carrier lands owned and used.....	\$10,955.21	\$242.50
Lands classified as noncarrier, owned.....	1,479.62	124.90
Lands classified as partly carrier and partly noncarrier, owned.....		38.00
Costs applicable to lands used but not owned.....		1.00

LEASED RAILWAY PROPERTY

The Cooperstown and Charlotte Valley leases for sole operation the entire property of the Cooperstown & Susquehanna Valley extending from The Hemlocks to Cooperstown, a distance of 20.003 miles, which is leased under an agreement dated April 15, 1891, for a term of 99 years. Under the terms of the agreement the Cooperstown and Charlotte Valley operates and maintains the property, pays as annual rental the interest on the funded debt; dividends not to exceed 6 per cent on the capital stock, if earned, 6 per cent upon the actual cost of the additions and betterments, and divides the residue, if any, equally with the lessor.

IMPROVEMENTS ON LEASED RAILWAY PROPERTY

The Cooperstown and Charlotte Valley showed a balance of \$41,282.01 covering recorded money outlay in its improvements on leased railway property account, which is classified in the accounting records as follows:

Road:	Amount
Engineering.....	\$651.18
Land for transportation purposes.....	10,562.30
Grading.....	3,584.70
Bridges, trestles, and culverts.....	4,084.16
Ties.....	341.10
Rails.....	3,804.39
Other track material.....	586.69
Tracklaying and surfacing.....	1,026.78
Crossings and signs.....	392.54
Station and office buildings.....	17,119.65
Shops and engine houses.....	Cr. 889.35
Telegraph and telephone lines.....	17.87
Total.....	41,282.01

Predecessors of the Cooperstown and Charlotte Valley

THE COOPERSTOWN AND CHARLOTTE VALLEY RAILROAD COMPANY (OF 1888)

CORPORATE HISTORY

The Cooperstown and Charlotte Valley Railroad Company (of 1888) was incorporated April 30, 1888, under the general laws of New York, for a term of
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100 years. The purpose of incorporation, as stated in the articles of association, was to construct, maintain, and operate a railroad from The Hemlocks, in the county of Otsego, to Davenport Center, in the county of Delaware, N. Y., about 1.231 miles.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

Construction of the road was begun in November, 1889, and completed and placed in operation in 1891. In addition to its owned mileage, the Cooperstown and Charlotte Valley operated the railroad of the Cooperstown & Susquehanna Valley from The Hemlocks to Cooperstown, N. Y., under an agreement dated April 30, 1888, for 99 years from January 1, 1889. On April 13, 1891, The Cooperstown and Charlotte Valley Railroad Company was consolidated with The West Davenport Rail Road Company to form the Cooperstown and Charlotte Valley. At its demise it operated a total of 21.234 miles of single track standard-gauge railroad, as follows:

	Miles
Road owned, from near West Davenport to The Hemlocks-----	1.231
Road leased, from The Hemlocks to Cooperstown-----	20.003
Grand total-----	21.234

HISTORY OF CORPORATE FINANCING

The Cooperstown and Charlotte Valley Railroad Company confined its financing to the issue of capital stock and short-term notes, which are summarized and discussed hereunder.

Capital stock.—The articles of incorporation authorized \$15,000 of capital stock, consisting of 150 shares of \$100 each. Of this amount, there was issued and outstanding at date of demise, \$14,560, the consideration for which was a like amount of cash.

Short-term notes.—The Cooperstown and Charlotte Valley Railroad Company issued short-term notes for temporary financing amounting to \$598,974 face value, for which the considerations received were cash. Of this amount \$561,174 face value were retired for cash, leaving \$37,800 face value outstanding at date of demise.

RESULTS OF CORPORATE OPERATIONS

The recorded results of corporate operations from April 30, 1888, to date of demise, are summarized in the following statement of income account:

Railway operating revenues-----	\$151,502.37
Railway operating expenses-----	92,805.22
Net revenue from railway operations-----	58,697.15
Railway tax accruals-----	3,581.46
Railway operating income-----	55,115.69
Miscellaneous rent income-----	1,157.21
Income from unfunded securities and accounts---	.63
Total nonoperating income-----	1,157.84
Gross income-----	56,273.53

Rent for leased road.....	\$35, 193. 34
Miscellaneous rents.....	1, 401. 44
Interest on funded debt.....	13, 643. 64
	<hr/>
Total deductions from gross income.....	50, 238. 42
	<hr/> <hr/>
Net income.....	6, 035. 11
	<hr/> <hr/>

Income balance transferred to credit of profit and loss.....	6, 035. 11
-----------------------------------------------------------------	------------

Profit and loss.—The only item in the profit and loss account is the credit balance of \$6,035.11 transferred from income.

INVESTMENT IN ROAD AND EQUIPMENT

The Cooperstown and Charlotte Valley Railroad Company owned no equipment. At the date of demise the balance in the road and equipment investment account was \$24,177.14. This balance consisted of money outlay made for the construction of the railroad.

ORIGINAL COST TO DATE

The original cost to date of the property owned by The Cooperstown and Charlotte Valley Railroad Company and used for its purposes as a common carrier on date of demise can not be ascertained. The obtainable data show that the roadway property extending from near West Davenport to The Hemlocks, about 1.231 miles, was constructed at a money outlay of \$24,177.14, as hereinbefore stated. This amount was classified by it as follows:

Engineering.....	\$91. 49
Land and land damages.....	2, 337. 78
Graduation and masonry.....	10, 637. 47
Bridges, trestles, and culverts.....	1, 588. 93
Superstructure, including ties.....	651. 15
Rails and other track material.....	7, 961. 44
Fences, including telephone lines.....	533. 78
Station and office buildings.....	325. 10
	<hr/>
Total.....	24, 177. 14

LEASED RAILWAY PROPERTY

At April 30, 1888, The Cooperstown and Charlotte Valley Railroad Company (of 1888) leased the property of The Cooperstown and Susquehanna Valley for 99 years from January 1, 1889, upon the basis of guaranteeing the payment of interest and principal of \$200,000 of that company's bonds. The rate of interest was 5 per cent. In addition, it agreed to pay all taxes and other expenses, 6 per cent on its capital stock, if earned, and to divide the residue equally between the two companies.

GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement of The Cooperstown and Charlotte Valley Railroad Company (of 1888), as showing its financial condition at June 30, 1891, follows:

ASSETS

Investments, investment in road and equipment.....	\$24, 177. 14
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Current assets:

Cash.....	\$3,990.58
Net balances receivable from agents and conductors.....	1,371.99
Miscellaneous accounts receivable.....	156.62
Total.....	\$5,519.19
Grand total.....	29,696.33

LIABILITIES

Stock, capital stock.....	14,560.00
Current liabilities, miscellaneous accounts payable.....	9,101.22
Corporate surplus, profit and loss, credit balance.....	6,035.11
Total.....	29,696.33

THE WEST DAVENPORT RAIL-ROAD COMPANY

The West Davenport Rail-Road Company was incorporated February 25, 1891, under the general laws of New York, for a term of 100 years. Its articles of association authorized it to construct, maintain, and operate a railroad from West Davenport to Davenport Center, N. Y., a distance of about 3 miles. There are no obtainable records for the company and its date of organization is not known. It constructed no road, and on April 13, 1891, it was consolidated and merged with The Cooperstown and Charlotte Valley Railroad Company (of 1888) to form the Cooperstown and Charlotte Valley.

COOPERSTOWN & SUSQUEHANNA VALLEY

There were no accounting records obtainable for the Cooperstown & Susquehanna Valley subsequent to December 31, 1889, and the information here submitted is taken from the existing records, the sworn reports to the Public Service Commission of the State of New York, to us, and from the returns of the carrier.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

Construction of the line from Cooperstown to Cooperstown Junction was begun in 1867 and completed and placed in operation on July 14, 1869. The extension from Cooperstown Junction to Hemlocks was begun in 1889 and completed and placed in operation during that year.

HISTORY OF CAPITAL FINANCING

The records do not disclose any syndicating transactions. The capital stock and the several classes of long-term debt issued and retired are here stated, with the amount of each outstanding on date of valuation:

	Issued	Retired	Outstanding
Capital stock.....	\$307,400		\$307,400
Three series of mortgage bonds.....	340,000	\$140,000	200,000
Total.....	647,400	140,000	507,400

Capital stock.—The Cooperstown & Susquehanna Valley issued capital stock in exchange for the following considerations:

Consideration	Recorded value	Par value issued
Cash (premium \$1,005).....	\$302,005	\$301,000
Construction of property.....	6,400	6,400
Total.....	308,405	307,400

The premium of \$1,005 was credited to profit and loss.

Funded debt.—Funded debt was issued, reacquired, and retired for the following considerations:

Consideration	Recorded value	Par value issued
First-mortgage 20-year 7 per cent bonds, due Apr. 1, 1889:		
Cash (discount \$4,990).....	\$93,610	\$98,600
Construction or property.....	1,400	1,400
Total.....	95,010	100,000
Reacquired and retired, cash.....	100,000	100,000
Second-mortgage 10-year 7 per cent bonds, due \$4,000 each year from July 1, 1878, until paid:		
Cash.....	10,000	10,000
Construction or property.....	30,000	30,000
Total.....	40,000	40,000
Reacquired and retired, cash.....	40,000	40,000
First-mortgage 30-year 5 per cent bonds, due May 1, 1918, cash (discount \$3,948.89).....	196,051.11	200,000
Outstanding.....		200,000

The total discount of \$8,938.89 was distributed to the following accounts:

Income.....	\$610.00
Investment in road and equipment.....	4,380.00
Not of record.....	3,948.89
Total.....	8,938.89

Nonnegotiable debt to affiliated companies.—The records of the Cooperstown & Susquehanna Valley do not include any nonnegotiable debt, but the records of the Cooperstown and Charlotte Valley show that advances were made by it to the latter for improvements on leased railway property aggregating \$41,282.01, and this amount was carried on the balance sheet statement of the Cooperstown and Charlotte Valley at date of valuation.

RESULTS OF CORPORATE OPERATIONS

Income account.—The income account of the Cooperstown & Susquehanna Valley for year ending on date of valuation, and for the period July 14, 1869, to date of valuation, follows. The statement has been divided between the period July 14, 1869, to December 31, 1889, as shown in the accounting records of the Cooperstown & Susquehanna Valley, and the period January 1, 1890, to date of valuation, as compiled from the annual reports of the Railroad Commission of New York and the annual reports submitted by the Cooperstown & Susquehanna Valley to us.

	Year	July 14, 1869, to Dec. 31, 1889	Jan. 1, 1890, to date of valuation
Railway operating revenues.....		\$725, 134. 59	
Railway operating expenses.....		482, 763. 90	
Net revenue from railway operations.....		242, 370. 69	
Railway tax accruals.....		4, 545. 00	
Railway operating income.....		237, 825. 60	
Income from lease of road.....	\$10, 000. 00	8, 650. 75	\$226, 477. 24
Miscellaneous rent income.....		8, 140. 98	
Total nonoperating income.....	10, 000. 00	16, 800. 73	226, 477. 24
Gross income.....	10, 000. 00	254, 626. 33	226, 477. 24
Interest on funded debt.....	10, 000. 00	166, 245. 98	220, 257. 50
Interest on unfunded debt.....		1, 478. 70	
Miscellaneous income charges.....			4, 203. 35
Total deductions from gross income.....	10, 000. 00	167, 724. 68	224, 460. 85
Income balance transferred to credit of profit and loss.....		86, 901. 65	2, 016. 39

Profit and loss account.—The profit and loss account of the Cooperstown & Susquehanna Valley on date of valuation, follows:

Credits:

Credit balance transferred from income.....	\$88, 918. 04
Miscellaneous credits, premium on capital stock sold.....	1, 005. 00
Total.....	<u>89, 923. 04</u>

Debits, miscellaneous debits:

Commission on funded debt issued.....	500. 00
Depreciation charged off.....	89, 300. 00
Adjustments of old accounts.....	380. 00
Total.....	<u>90, 180. 00</u>

Debit balance.....	<u>256. 96</u>
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INVESTMENT IN ROAD AND EQUIPMENT

On date of valuation, the road and equipment investment account of the Cooperstown & Susquehanna Valley carried a balance of \$481,998.15, which had been established as follows:

Road acquired by construction, additions, and betterments.....	\$521, 411. 78
Recorded money outlay.....	\$469, 129. 35
Capital stock issued, par value.....	6, 400. 00
Funded debt issued, par value.....	31, 400. 00
Reported outlay, amounts reported to Board of Railroad Commissioners for State of New York for period for which there were no records.....	<u>14, 482. 43</u>
Equipment, recorded money outlay.....	<u>45, 506. 37</u>
Other items:	566, 918. 15
Credits, depreciation, road \$77,778.63, equipment \$11,521.37.....	\$89, 300. 00
Debits, discount on funded debt issued.....	<u>4, 380. 00</u>
Net amount credited.....	<u>84, 920. 00</u>
Reported balance on date of valuation.....	<u>481, 998. 15</u>

The items included in "other items" are not in accord with our present accounting rules. If the debits therein were eliminated and the credits were restored the balance in the road and equipment investment account would be increased to \$566,918.15.

This balance would comprise the following classes of outlay:

Recorded money outlay-----	\$514, 635.72
Capital stock issued, par value-----	6, 400. 00
Funded debt issued, par value-----	31, 400. 00
Reported outlay -----	14, 482. 43

This balance may include the cost of lands classified by us as noncarrier and as partly carrier and partly noncarrier.

ORIGINAL COST TO DATE

The obtainable data on the outlay for creating and improving the property of The Cooperstown & Susquehanna Valley to date of valuation are those included in the road and equipment investment account and in the improvements of leased railway property account of The Cooperstown and Charlotte Valley Railroad Company (of 1888), as follows:

By The Cooperstown & Susquehanna Valley:

Recorded money outlay-----	\$514, 635.72
Capital stock issued, par value-----	6, 400. 00
Funded debt issued, par value-----	31, 400. 00
Reported outlay -----	14, 482. 43

By The Cooperstown and Charlotte Valley (of 1888), recorded money outlay-----

41, 282. 01

The foregoing may include the cost of lands classified by us as noncarrier and as partly carrier and partly noncarrier. The Cooperstown & Susquehanna Valley classifies the balance in the road and equipment investment account and the improvements on leased railway property account as follows:

	Investment in road and equipment	Leased rail- way property
Road:		
Engineering-----	\$15, 870. 96	\$651. 18
Land-----	22, 647. 52	10, 562. 30
Grading, masonry, and ballast-----	261, 687. 47	3, 584. 70
Bridges, trestles, and culverts-----	26, 772. 29	4, 084. 16
Ties-----		341. 10
Rails-----		3, 804. 39
Superstructure, including ties and rails-----	80, 119. 05	
Other track material-----		586. 69
Tracklaying and surfacing-----		1, 026. 78
Right-of-way fences-----	14, 277. 35	
Crossings and signs-----		392. 54
Station and office buildings-----	15, 766. 47	17, 119. 65
Fuel stations-----	3, 178. 94	
Shops and engine houses-----	Cr.	889. 35
Telegraph and telephone lines-----	1, 262. 44	17. 87
Shop machinery-----	6, 055. 66	
Total road-----	447, 638. 15	41, 282. 01
Equipment:		
Steam locomotives-----	15, 400. 00	
Freight-train cars-----	8, 091. 35	
Passenger-train cars-----	10, 868. 65	
Total equipment-----	34, 360. 00	
Grand total-----	481, 998. 15	41, 282. 01

Cost of lands—The Cooperstown & Susquehanna Valley reports the original cost of all lands owned, including both carrier and noncarrier, as \$27,550.58. In verifying the returns, \$3,713.68 was deducted as not properly constituting land costs. The resulting balance of \$23,836.90, made up in part of costs supported by accounting records and in part of substantial deed considerations, which The Cooperstown & Susquehanna Valley claims to represent costs but which are not supported by accounting records, may be classified as follows:

Classification	Costs supported by accounting records	Costs not supported by accounting records
Carrier lands owned and leased to the carrier.....	\$22,509 50	\$1,212.40
Lands classified as noncarrier, owned.....	115.00	

LEASSED RAILWAY PROPERTY

The property of The Cooperstown & Susquehanna Valley was leased, effective January 1, 1889, to the Cooperstown and Charlotte Valley for 99 years, under an agreement dated April 30, 1888. Under the terms of the agreement the lessee operates and maintains the property, pays as rental interest on funded debt dividends not to exceed 6 per cent on the capital stock if earned, 6 per cent upon the actual cost of the additions and betterments, and divides equally with the lessor the residue, if any.

ORDER

Entered November 2, 1926

Valuation Docket No. 331

Wilkes-Barre Connecting Railroad Company

Location and general description of property.—The railroad of Wilkes-Barre Connecting Railroad Company, hereinafter called the Wilkes-Barre Connecting, is a double-track standard-gauge steam railroad, operated for freight service only, located in the north-eastern part of Pennsylvania. The carrier owns 4.187 miles of double-track road in two parts and has trackage rights over 2.454 miles of road, making a continuous line from Buttonwood to Hudson, Pa., a distance of 6.641 miles. The carrier's line thus provides a direct connection between the tracks of the Pennsylvania Railroad Company and the Northern Coal and Iron Company. The latter is entirely controlled by the carrier. The owned mileage of the Wilkes-Barre Connecting consists of 4.187 miles of first track, 4.187 miles of second main track, and 0.149 mile of yard and side tracks, making a total of 8.523 miles of all tracks owned. In Appendix 1 will be found a general description of the property of the Wilkes-Barre Connecting.

Jointly used property.—The Wilkes-Barre Connecting has no jointly owned and used property. In Appendix 2, under the caption 116 I. C. C.

Leased Railway Property, will be found a statement of the property jointly used with others and the terms of the use.

Traffic connections.—The railroad of the Wilkes-Barre Connecting connects at Hudson with the line of the carrier, at Buttonwood with the line of the Pennsylvania Railroad Company, and near Plain Station with the line of the Wilkes-Barre and Eastern Railroad Company.

Physical conditions affecting construction.—The surface of the country traversed is rather heavily rolling; the soil is of clay, loam, and gravel, some portions being intermixed with bowlders. Where encountered by the roadbed, the ledge rock is generally of shale or sandstone. The railroad itself is located partly along the hillsides of a small stream and partly upon the flat valley bottom of the Susquehanna River, which it crosses twice.

Economic conditions relating to traffic.—The principal products are those of numerous anthracite-coal mines.

Corporate history.—The Wilkes-Barre Connecting was incorporated under the general laws of Pennsylvania and by letters patent of the Governor of Pennsylvania dated November 18, 1912. Its organization was perfected on December 3, 1912. It has been maintained and operated since completion for the joint benefit of the Pennsylvania Railroad Company and the carrier. Operations are conducted by the Pennsylvania Railroad Company and the carrier as agents without benefit or loss to the Wilkes-Barre Connecting, as fully explained in Appendix 2 under the caption Leased Railway Property. The principal office is at Scranton, Pa. The detailed facts as to the development of fixed physical property are given in Appendix 2.

History of corporate financing, capital stock, and long-term debt.—The Wilkes-Barre Connecting has issued capital stock and incurred nonnegotiable debt to the total amount of \$2,369,657.10, all of which was outstanding on date of valuation. Of this amount, \$100,000 represents capital stock and \$2,269,657.10 nonnegotiable debt. In addition to the above the Wilkes-Barre Connecting issued \$82,600 par value of temporary capital-stock receipts, as fully explained in Appendix 2, under the caption History of Capital Financing. The Wilkes-Barre Connecting is controlled by the Pennsylvania Railroad Company and the carrier, each owning 50 per cent of all capital stock and temporary capital stock receipts outstanding. The purposes for which the capital securities were issued and the apparent considerations received therefor and other facts pertinent to the organization of the Wilkes-Barre Connecting are given in Appendix 2.

Gross and net earnings of the Wilkes-Barre Connecting.—The result of corporate operations for the period from March 29, 1915,

to date of valuation is stated in detail in Appendix 2, and is summarized here as follows:

During this period taxes assessed (railway tax accruals) amounted to.....	\$1,564.35
Resulting in deficit, instead of income from railway operations (railway operating income) of.....	1,564.35
Offsetting this there was income from nonoperating sources (nonoperating income) of.....	40,351.49
Resulting in gross income for the period (gross income) of.....	38,787.14
During this period rent paid for leased roads (chargeable to deductions from gross income) amounted to.....	39,139.19
Resulting in deficit instead of amount available for payment of interest and dividends and for other corporate purposes (chargeable to deductions from gross income and to disposition of net income) of.....	352.05

The Wilkes-Barre Connecting has paid no dividends.

General balance sheet.—The general balance sheet stated by the Wilkes-Barre Connecting as showing its financial condition on date of valuation follows:

ASSETS

Investments:

Investment in road and equipment.....	\$1,814,680.62
Improvements on leased railway property....	433,262.06
Investments in affiliated companies, advances.....	131,384.92

Total..... \$2,379,327.60

Current assets:

Cash.....	\$12,319.79
Miscellaneous accounts receivable.....	127,021.48
Material and supplies.....	5,769.41

Total..... 145,110.68

Unadjusted debits, other unadjusted debits..... 426.32

Grand total..... 2,524,864.60

LIABILITIES

Stock, capital stock..... 100,000.00

Current liabilities:

Audited accounts and wages payable.....	\$64,214.42
Other current liabilities.....	2,269,657.10

Total..... 2,333,871.52

Deferred liabilities, other deferred liabilities, temporary capital-stock receipts..... 82,600.00

Unadjusted credits:

Tax liability.....	\$483.79
Other unadjusted credits.....	8,261.34

Total..... 8,745.13

Total liabilities..... 2,525,216.65

Corporate surplus, profit and loss, debit balance..... 352.05

Grand total after deducting deficit..... 2,524,864.60

Investment in road and equipment.—The Wilkes-Barre Connecting owned no equipment. The investment in road, including land, on date of valuation, is stated in the books of the Wilkes-Barre Connecting to be \$1,814,680.62, which represents recorded money outlay for construction of the original owned road and appurtenances amounting to \$1,748,475.65 and \$66,204.97 interest on construction advances cleared through separate open accounts and settled for in part by issuance of temporary capital-stock receipts at their par value to the Pennsylvania Railroad Company and the carrier. The investment in road and equipment account includes the recorded cost of carrier lands, which is notably high for reasons stated in the paragraphs devoted to cost of lands in Appendix 2.

Original cost to date.—The original cost to date of property owned and used for common-carrier purposes can not be ascertained. The outlay to create and improve the property of the Wilkes-Barre Connecting consists of the following elements: Recorded money outlay, \$1,751,475.65; interest charged on advances, \$66,004.97. The details of these amounts by primary accounts, also information respecting the cost of lands, will be found in Appendix 2. The original cost to date includes the recorded cost of carrier lands, which is notably high for reasons stated in the paragraphs devoted to cost of lands in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, wholly owned and used, are found to be \$1,206,121 and \$1,168,877, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment, as prescribed by us, are shown in the summary sheet, which is a part of Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The total original cost of lands owned and used by the Wilkes-Barre Connecting for common-carrier purposes, as supported by accounting records, is \$488,226.14, and an indeterminate part of \$130,451.54, the cost of lands owned by the Wilkes-Barre Connecting and devoted partly to carrier and partly to noncarrier purposes, which can not be apportioned between the two classes except upon an arbitrary basis. The Wilkes-Barre Connecting owns and uses 80.41 acres of lands for common-carrier purposes. The present value of such lands is \$112,711.73. The difference between the recorded cost and the present value of carrier lands is due to the fact that much of the right of way is the remnant retained by the Wilkes-Barre Connecting of considerable areas purchased as single tracts, and that the unused portion of these tracts was disposed of to an affiliated realty company at prices far below the average unit value of these adjacent lands found to prevail on date of valuation.

Property held for purposes other than those of a common carrier.—The Wilkes-Barre Connecting owns 31.44 acres of lands which have been classified by us as noncarrier. The present value of these lands, including the value of improvements thereon, is \$41,470.22. Their original cost, as supported by the accounting records, is \$1,026.90. The balance sheet of the Wilkes-Barre Connecting on date of valuation recorded investments in affiliated companies amounting to \$131,384.92, which were found to cover cash advances to the Kingston Realty Company, a corporation controlled jointly by the carrier and the Pennsylvania Railroad Company on date of valuation through ownership of the entire capital stock outstanding.

Aids, gifts, grants of rights of way, and donations.—Of the lands owned and used by the Wilkes-Barre Connecting 0.04 acre has been classified as an aid. The present value of this land is \$435. Its value at the time acquired can not be ascertained.

Material and supplies.—As appears in the general balance sheet, the value of material and supplies on hand on date of valuation is shown to have been \$5,769.41.

Final value.—After careful consideration of all the facts contained herein, including appreciation, depreciation, going-concern value, working capital, 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 Wilkes-Barre Connecting, wholly owned and used for common-carrier purposes, is found to be \$1,468,089. There is included in the value above stated the sum of \$18,089 on account of working capital, including materials and supplies. No other values or elements of value, to which specific sums can now be ascribed, are found to exist.

Appendixes.—Attached hereto and made a part hereof are Appendixes 1 and 2. Appendix 1 gives the explanatory text and summary sheets showing the classification of the cost of reproduction new and cost of reproduction less depreciation above set forth, in conformity with the classification of expenditures for road and equipment prescribed by us. Appendix 2 shows further details as to development of fixed physical property, history of corporate financing, gross and net earnings, original cost to date, improvements on leased railway property, and leased railway property; excepting those features treated in the text of the report.

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

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

APPENDIX 1

ROAD

Grading averages about 210,000 cubic yards per mile of road and has been computed on a one-way basis. Parts of the embankments have been made of the waste products of the coal mines. The main track and most of the yard tracks and sidings are laid with 90-pound open-hearth rail which was new when laid. The remaining yard and side tracks are laid with 80-pound Bessemer re-lay rail.

ENGINEERING AND GENERAL EXPENDITURES

Engineering has been estimated at 3.5 per cent on road accounts 3 to 47, inclusive. General expenditures, exclusive of interest, have been allowed on the basis of 1.5 per cent upon road accounts 1 to 47, exclusive of account 2. Interest during construction has been allowed for one-half the construction period of 18 months, plus 3 months, at the rate of 6 per cent per annum on all road and general-expenditures accounts, excepting accounts 2 and 76.

SUMMARY

Wholly owned and used

Ac- count	Classes	Cost of re- production new	Cost of re- production less de- preciation
I. ROAD			
1	Engineering.....	\$37,909	\$37,909
3	Grading.....	309,833	308,854
6	Bridges, trestles, and culverts.....	621,655	606,069
8	Ties.....	29,345	22,008
9	Rails.....	38,096	36,862
10	Other track material.....	18,971	16,334
11	Ballast.....	12,162	9,730
12	Tracklaying and surfacing.....	20,433	17,572
15	Crossings and signs.....	15,221	14,605
16	Station and office buildings.....	118	89
17	Roadway buildings.....	611	457
26	Telegraph and telephone lines.....	1,782	1,490
27	Signals and interlockers.....	14,678	14,253
38	Roadway small tools.....	220	110
	Total, 1, and 3 to 47, inclusive.....	1,121,034	1,086,342
III. GENERAL EXPENDITURES			
71	Organization expenses.....	16,816	16,812
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....		
76	Interest during construction.....	68,271	66,223
	Total, 71 to 77, inclusive.....	85,087	82,535
	Grand total, 1, and 3 to 77, inclusive.....	1,206,121	1,168,877

APPENDIX 2

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

Construction was begun in 1913. Trackage rights were obtained over a portion of the railroad of the Northern Coal and Iron Company between Buttonwood and the Plymouth branch of the carrier, about 1.6 miles, and over a portion of the line of the Wilkes-Barre and Eastern Railroad Company from a point 0.75 mile west of Plains Station to a point 0.25 mile west of a bridge over the Susquehanna River, about 0.854 mile. The total of 2.454 miles of road thus obtained was rehabilitated and improved to meet the general plan of construction adopted by the Wilkes-Barre Connecting, which charged the recorded expenditures as improvements on leased railway property. The entire line of 6.641 miles was completed and placed in operation on March 29, 1915.

HISTORY OF CAPITAL FINANCING

The records of the Wilkes-Barre Connecting do not disclose any syndicating transactions. It was financed through the issue of its capital stock and through cash advanced in equal amounts by the Pennsylvania Railroad Company and the carrier.

Capital stock.—The Wilkes-Barre Connecting issued capital stock and temporary capital-stock receipts aggregating \$182,600 par value. This comprises \$100,000 par value of capital stock and \$82,600 par value of temporary capital-stock receipts. Under an agreement of December 29, 1914, the Pennsylvania Railroad Company and the carrier subscribed for the entire amount of capital stock at par, each paying its portion, or \$50,000, in cash. The temporary receipts were issued at their par value in like manner to the two companies referred to in part payment of interest aggregating \$82,601.09, accrued for advances for construction purposes. Of this amount \$66,204.97 was charged to the road and equipment investment account and \$16,396.12 to improvements on leased railway property account.

Nonnegotiable debt to affiliated companies.—During the period 1912 to 1915, inclusive, the Wilkes-Barre Connecting received cash advances for construction in equal amounts from the Pennsylvania Railroad Company and the carrier, together amounting to \$2,269,657.10, none of which had been liquidated on date of valuation.

RESULT OF CORPORATE OPERATIONS

Income account.—The income account of the Wilkes-Barre Connecting for the year ended on date of valuation and for the period from March 29, 1915, to date of valuation is stated as follows:

	Year	Period
	\$1,564.35	\$1,564.35
Operating income, railway tax accruals.....		
Total operating deficit.....	1,564.35	1,564.35
Nonoperating income:		
Joint-facility rent income.....	39,139.19	39,139.19
Miscellaneous rent income.....	579.96	942.46
Income from unfunded securities and accounts.....	213.67	269.84
Total.....	39,932.82	40,351.49
Gross income.....	38,368.47	38,787.14
Deductions from gross income, rent for leased roads.....	39,139.19	39,139.19
Net loss.....	770.72	352.05
Income balance transferred to debit of profit and loss.....	770.72	352.05

The operating expenses of the Wilkes-Barre Connecting for the year ended on date of valuation amounted to \$37,099.53, and those for the period March 29, 1915, to date of valuation, amounted to \$40,875.69, which expenses were assumed by the Pennsylvania Railroad Company and the carrier under the terms of the agreement of December 29, 1914.

Profit and loss account.—The profit and loss account of the Wilkes-Barre Connecting on date of valuation records a debit balance of \$352.05, representing the debit balance transferred from income.

ORIGINAL COST TO DATE

A statement covering this general subject appears in the text of this report. The Wilkes-Barre Connecting expended \$1,814,680.62 in creating its 4.187 miles of road and appurtenances, including interest on construction advances, which sum is detailed by primary accounts as follows:

Road:

Engineering.....	\$33,608.08
Land for transportation purposes.....	618,545.01
Grading.....	337,058.80
Bridges, trestles, and culverts.....	599,648.43
Ties.....	30,638.36
Rails.....	38,957.90
Other track material.....	16,528.73
Ballast.....	7,624.27
Tracklaying and surfacing.....	23,839.99
Crossings and signs.....	22,659.27
Roadway buildings.....	821.84
Water stations.....	968.72
Telegraph and telephone lines.....	1,798.66
Signals and interlockers.....	8,279.70
Roadway machines.....	42.73
Roadway small tools.....	.74
Assessments for public improvements.....	672.54
Revenues and operating expenses during construction.....	Cr. 3,396.61
Other expenditures, road.....	435.88
Total.....	1,738,733.04

General expenditures :

Organization expenses	\$1, 034. 84
General officers and clerks.....	595. 41
Law.....	4, 926. 66
Stationery and printing.....	317. 34
Taxes	2, 835. 73
Interest during construction.....	66, 204. 97
Other expenditures, general.....	32. 63
Total.....	75, 947. 58
Grand total.....	1, 814, 680. 62

The original cost to date includes the recorded cost of carrier lands, which is notably high for reasons stated in the paragraphs devoted to cost of lands below.

Cost of lands.—The Wilkes-Barre Connecting reports the original cost of all lands owned, including both carrier and noncarrier lands, as \$639,563.92. In verifying the returns the following deductions were made :

Cost of lands owned by Kingston Realty Company.....	\$2, 448. 31
Expenditures in connection with elimination of a grade crossing not yet accomplished.....	17, 411. 03
Total.....	19, 859. 34

The resulting balance of \$619,704.58, which is supported by the accounting records, may be classified as follows :

Classification	Costs supported by accounts
Carrier lands, owned and used.....	\$488, 226. 14
Lands classified as noncarrier, owned.....	1, 026. 90
Lands classified as partly carrier and partly noncarrier, owned.....	130, 451. 54
Total.....	619, 704. 58

The recorded cost of wholly carrier lands, not including the portion assignable to carrier uses of the cost of parcels used partly for carrier and partly for noncarrier purposes, is \$375,514.41 greater than the present value of all carrier lands. With respect to this difference, it should be noted that a considerable part of the right of way was obtained by purchasing entire tracts, some of which had been laid out in residence lots with streets across the desired right of way, and then closing the streets and disposing of the unused part of the tract, which then bore the burden of damages, as the Wilkes-Barre Connecting claims, on account of the closed streets and the high embankment on which the road was built. The difference between the cost of these entire tracts and the price at which the unused parts were disposed of was charged as the cost of the parts retained for right of way. It is claimed by the Wilkes-Barre Connecting that this difference was less than it would have cost to buy merely the strip required for right of way, build overhead crossings over the streets, and pay for the damages to the rest of the land. However, most of the surplus land was disposed of to the Kingston Realty Company, jointly controlled by the

carrier and the Pennsylvania Railroad Company, at an appraised value apparently much less than the real worth of such property, the effect of which was to raise the recorded cost of the right of way above what would appear to be a fair allotment of the cost of the entire tracts.

INVESTMENTS IN OTHER COMPANIES

The balance sheet of the Wilkes-Barre Connecting at June 30, 1916, records investments in affiliated companies amounting to \$131,384.92, which were found to cover cash advances to the Kingston Realty Company, a corporation controlled jointly by the carrier and the Pennsylvania Railroad Company through ownership of the entire capital stock outstanding.

IMPROVEMENTS ON LEASED RAILWAY PROPERTY

In connection with the construction of the 4.187 miles of road owned, the Wilkes-Barre Connecting obtained trackage rights over 1.6 miles of the railroad of the Northern Coal and Iron Company, and over 0.8 mile of the Wilkes-Barre and Eastern Railroad Company, making a continuous line of 6.641 miles between Buttonwood and Hudson, Pa. These leased portions were rebuilt and double-tracked at a total recorded money expenditure of \$416,865.94, and interest on advances amounting to \$16,396.12, which amounts were charged to improvements on leased railway property account. A classification of the recorded money expenditure by the Wilkes-Barre Connecting on the properties of the Wilkes-Barre and Eastern Railroad Company and the Northern Coal and Iron Company, including interest charged, is shown below by primary accounts:

	Wilkes-Barre and Eastern Railroad Company	Northern Coal and Iron Company
Road:		
Engineering.....	\$11,537.67	\$2,860.91
Land for transportation purposes.....	3,119.08	
Grading.....	15,697.36	35,258.87
Bridges, trestles, and culverts.....	222,883.09	28,182.27
Ties.....	13,376.32	8,407.83
Rails.....	10,409.61	10,724.12
Other track material.....	7,261.74	3,329.93
Ballast.....	1,729.20	2,329.22
Tracklaying and surfacing.....	5,993.91	6,566.75
Right-of-way fences.....		134.25
Crossings and signs.....	1,324.45	190.81
Roadway buildings.....	317.79	36.76
Telegraph and telephone lines.....	491.19	869.08
Signals and interlockers.....	21,496.21	3,074.61
Roadway machines.....	17.06	19.81
Roadway small tools.....		10.47
Other expenditures, road.....	88.51	156.72
Total.....	315,741.10	100,152.41
General expenditures:		
General officers and clerks.....	166.42	52.64
Law.....	444.70	175.00
Stationery and printing.....	88.71	28.05
Taxes.....	4.91	
Interest during construction.....	12,443.89	3,952.23
Other expenditures, general.....	9.12	2.88
Total.....	13,157.75	4,210.80
Grand total.....	328,898.85	104,363.21

LEASED RAILWAY PROPERTY

On date of valuation the Wilkes-Barre Connecting controlled through lease the following property of others:

The Wilkes-Barre Connecting acquired trackage rights over a portion of the Buttonwood branch of the Northern Coal and Iron Company, consisting of 1.6 miles of main track, together with 2.26 miles of yard tracks and sidings and 0.27 mile of spur track, from March 29, 1915, for the period of the corporate existence of the Wilkes-Barre Connecting, under an agreement dated December 29, 1914. By the terms of this agreement the Wilkes-Barre Connecting is required to pay an annual rental of 4.5 per cent per annum on a valuation of \$520,770.20 for the railroad and facilities. The rent accrued payable for the year ended on date of valuation amounted to \$29,488.58. Under the terms of this agreement the Wilkes-Barre Connecting is required to pay all taxes and assessments, insurance, and all operating and other expenses necessary for the upkeep of the railroad; also to provide for all addition-and-betterment work, which expenditures shall be repaid by the carrier in case the agreement is terminated. The leased property is maintained and operated by the carrier acting as agent for the Wilkes-Barre Connecting.

The Wilkes-Barre Connecting also acquired trackage rights over the tracks of the Wilkes-Barre and Eastern Railroad Company from a point about 0.75 mile west of Plains Station to a point about 0.25 mile west of the bridge over the Susquehanna River, being about 0.854 mile in length, for 99 years, with option to renew, under agreement dated December 30, 1913. The annual rental is stated to be 5 per cent per annum on the original cost of this section. The rent recorded as payable for the year ended on date of valuation was \$9,650.61.

On date of valuation the companies mentioned below had rights to use all or portions of the property of the Wilkes-Barre Connecting.

The Pennsylvania Railroad Company and the carrier each have equal right to use the tracks and the other property owned or used by the Wilkes-Barre Connecting under the agreement dated December 29, 1914, which agreement provides for the construction, operation, and maintenance of the railroad of the Wilkes-Barre Connecting. Such property is to be maintained and operated by either the Pennsylvania Railroad Company or the carrier, as agent for the Wilkes-Barre Connecting. The rental payable in equal proportions by the Pennsylvania Railroad Company and the carrier for the trackage and other rights and privileges covers the interest upon any bonds and other outstanding obligations of the Wilkes-Barre Connecting, and any sums payable by the carrier as rental for trackage rights and any sums required to pay dividends, at the rate of 5 per cent per annum upon the outstanding capital stock of the Wilkes-Barre Connecting, less any sums receivable from others using any portion of the Wilkes-Barre Connecting's property. All expenses of maintenance and operation, less portions collected from others, are to be assumed by the Pennsylvania Railroad Company and the carrier in equal proportions. The joint-facility rent income recorded as receivable for the year ended on date of valuation, from the Pennsylvania Railroad Company, the carrier, and the Wilkes-Barre and Eastern Railroad, amounted to \$39,139.19. This amount agrees with the rental recorded as payable to the Wilkes-Barre and Eastern Railroad and to the Northern Coal and Iron Company.

The Wilkes-Barre and Eastern Railroad participates with the Pennsylvania Railroad Company and the carrier in the use of the 2.41 miles of track between a point about 0.25 mile west of the upper bridge over the Schuylkill River to a point of connection with the Plymouth branch of the carrier leased to the Wilkes-Barre Connecting. The rental payable by the Wilkes-Barre and Eastern Railroad is a wheelage proportion of rental it receives for the property it leases to the Wilkes-Barre Connecting. It also assumes a wheelage proportion of the maintenance and operating expenses connected with that particular property.

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