



# MAP OF THE CENTRAL RAILROAD OF NEW JERSEY SYSTEM

**LEGEND**

- The Central Railroad of New Jersey
- The New York and Long Branch R R
- The Nesquehoning Valley R R

- ① Bay Shore Connecting R R
- ② The Allentown Terminal R R
- Leased Road
- Trackage Rights



VALUATION DOCKET NO. 401  
CENTRAL RAILROAD COMPANY OF NEW JERSEY  
ET AL.<sup>1</sup>

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*Submitted February 23, 1927. Decided February 15, 1929*

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Final value for rate-making purposes of the properties of the carriers embraced in this proceeding, used by the respective carriers for common-carrier purposes, found to be \$132,586,089, including \$3,110,000 for working capital, as of June 30, 1918.

*George Holmes, A. H. Elder, J. W. Zisgen, and Charles Hansel* for protestants.

*Philander Betts and Charles A. Mead* for New Jersey Board of Public Utility Commissioners.

*Paul E. Lesh and Arthur G. Nichols, jr.,* for Western Union Telegraph Company.

REPORT OF THE COMMISSION

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

By our orders of July 15 and August 20, 1924, we completed the tentative valuations as of June 30, 1918, of the properties of The Central Railroad Company of New Jersey, hereinafter called the Central of New Jersey, and its leased and affiliated lines. Notices thereof were duly served upon the carriers and other interested parties. Protests were filed by the Central of New Jersey in behalf of all the carriers named in Valuation Docket No. 401, and separate protests were filed by each of the carriers named in the other dockets consolidated for hearing therewith. The Western Union Telegraph Company intervened, but presented no testimony. Hearings have been had and briefs have been filed.

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<sup>1</sup> This report embraces the following valuation dockets: No. 401, The Central Railroad Company of New Jersey, The Lehigh Coal and Navigation Company (Lehigh & Susquehanna Railroad), Fasto and Western Railroad Company, The Treskow Railroad Company, The Dover and Rockaway Railroad Company, The Ogden Mine Railroad Company, Wilkes-Barre and Scanton Railway Company, The Hibernia Mine Railroad Company and minor facilities owned by the New Jersey Zinc Company and Robert W. and Henry W. De Forest; No. 390, Nesquehoning Valley Railroad Company; No. 391, Bay Shore Connecting Railroad Company; No. 392, The Allentown Terminal Railroad Company; and No. 417, The New York and Long Branch Railroad Company.

## DESCRIPTION OF PROPERTIES

The properties operated by the Central of New Jersey comprise terminals in Jersey City, Newark, and Perth Amboy, N. J., Tamaqua and Wilkes-Barre, Pa., and two main lines in New Jersey, New York, and Pennsylvania, one extending southerly from Jersey City to Bay-side, N. J., 142.7 miles, and the other westerly from Jersey City, N. J., to Scranton, Pa., 191.5 miles. Numerous branch lines reach manufacturing centers and anthracite mining districts. The Central of New Jersey also operates freight and passenger vessels between Jersey City and New York, N. Y.

The lines of the Central of New Jersey, wholly owned and used, embrace 384.855 miles of first main track and 1,101.844 miles of all tracks. It owns and uses, jointly with the Philadelphia & Reading Railway Company, a creosoting plant at Port Reading, N. J., and 0.924 mile of yard tracks and sidings, in which its ownership is  $33\frac{1}{3}$  per cent. It operates, under lease, from the Dover and Rockaway Railway Company, Easton and Western Railroad Company, Hibernia Mine Railroad Company, Lehigh Coal and Navigation Company (Lehigh & Susquehanna Railroad), The Nesquehoning Valley Railroad Company, Ogden Mine Railroad, Tresckow Railroad Company, and Wilkes-Barre and Scranton Railway Company, 209.717 miles of first main track and 549.214 miles of all tracks. The Central of New Jersey and the Philadelphia & Reading jointly lease from the Allentown Terminal Railroad Company 3.629 miles of first main track and 13.847 miles of all track, in which their proportions of use are two-thirds and one-third, respectively. The former and the Lehigh Valley Railroad Company jointly lease from the Bay Shore Connecting Railroad Company 1.103 miles of first track and 2.750 miles of all track, in which they have equal use.

The Central of New Jersey was incorporated in New Jersey on February 26, 1847, as the Somerville and Easton Railroad Company. On April 1, 1849, the name was changed to the present form. It succeeded to the rights and interests of 32 predecessor corporations that comprise the line of corporate succession culminating in the organization as constituted on the date of valuation. The owned properties were acquired in various ways, as by foreclosure sales, purchase, merger, consolidation, and by construction under different corporate names.

The Nesquehoning Valley Railroad Company was incorporated in Pennsylvania in 1861. Its lines embrace 17.674 miles of first track and 38.521 miles of all tracks. In 1868 the property was leased for 999 years to the Lehigh Coal and Navigation Company, which in

1871 subleased 16.719 miles of first main track and 37.566 miles of all tracks for a like term to the Central of New Jersey and the remainder, 0.955 mile of first main track, comprising the tunnel section, to the Lehigh and New England Railroad Company. On June 7, 1904, the Lehigh Coal & Navigation Company acquired all the capital stock of the Nesquehoning Valley.

The railroad of the Bay Shore Connecting Company embraces 1.103 miles of first main track and 2.750 miles of all tracks. This company was incorporated in New Jersey, and is controlled by the Central of New Jersey and the Lehigh Valley through equal ownership of the entire capital stock.

The lines of the Allentown Terminal Railroad Company embrace 3.629 miles of first main track and 13.847 miles of all tracks, all of which were acquired by construction. This company was incorporated in Pennsylvania. There are 9,000 shares of outstanding capital stock, of which the Central of New Jersey owns 4,485 shares and the Lehigh Coal and Navigation Company owns 4,481 shares. The property is leased to the former and the Philadelphia & Reading in proportions of 66 $\frac{2}{3}$  per cent and 33 $\frac{1}{3}$  per cent, respectively.

The property of the New York and Long Branch Railroad Company embraces 39.353 miles of first main track and 120.444 miles of all track, all acquired by construction. Trackage rights are also exercised over about 0.25 mile of road owned by The Freehold & Jamesburg Agricultural Railroad Company. This company was incorporated in New Jersey on April 8, 1868, and it succeeded to the rights and interests of four other corporations. It is controlled by the Central of New Jersey through ownership of all the outstanding capital stock. The Pennsylvania Railroad Company also has trackage rights over the entire road.

#### PROTESTS AND MOTIONS

In their protests against the tentative valuations, as well as in their motions to rescind and withdraw the same, these carriers allege that we have not determined the valuation of their properties as required by law because of erroneous rules, methods, and principles applied and of alleged errors and omissions that occur in our reports. The final values ascertained by us are asserted to be inadequate for the various properties included in the proceeding.

Most of the general objections already have been considered and disposed of in earlier cases. In the main, the questions considered herein are those supported by testimony. Other issues raised have been reviewed and, where necessary, will also be discussed.

## ORIGINAL COST TO DATE, INVESTMENT IN ROAD AND EQUIPMENT, AND IMPROVEMENTS ON LEASED RAILWAY PROPERTY

At the hearing our Bureau of Valuation recommended that various changes be made in accounting matters in our reports on the Central of New Jersey, the Nesquehoning Valley, the New York and Long Branch, and the Allentown Terminal companies. These proposed changes are of relatively minor importance. They are intended, in part, to correct errors pointed out in the protests and, in part, to make fuller explanation of certain subjects. No objections were raised by protestants, and the changes will be made.

We have reported that if certain adjustments detailed in Appendix 2 were made in the investment of the Central of New Jersey in road and equipment, the amount therein would be \$113,321,975.85. Its recorded investment in improvements on leased railway property is reported as \$6,391,039.53. The carrier protests that these sums are incorrect in that they fail to include various amounts paid for property acquired from the American Dock & Improvement Company and other items included in operating expense and income accounts that should have been charged to investment accounts. Other items are said to be wholly omitted.

*American Dock and Improvement Company.*—The tentative valuation shows \$4,166,355.08 as the Central of New Jersey's investment in lands acquired through the American Dock and Improvement Company. The carrier protests that its investment in these lands aggregates \$8,153,355.08. Stipulations by representatives of the carrier and of the bureau, incorporated in the record, show that the American Dock and Improvement Company was chartered in New Jersey in 1864 to acquire and improve certain lands in that State and that the recorded cost of acquiring such lands and riparian rights, filling lands, and constructing streets, bridges, and plank roads was \$5,131,349.32. Of this amount, \$2,166,355.08 is included in the Central of New Jersey's investment in road and equipment and the remainder, \$2,964,994.24, is included in other accounts. In the latter amount are items embracing considerations other than cash totaling \$1,048,000, of which \$1,000,000 represents the capital stock of the dock company and \$48,000 represents bonds issued in 1897. A further sum of \$314,211.31 was expended by the carrier, some of which is assignable to the cost of these lands, but the amount has not been determined from the available records. Lands recorded as costing \$29,151.55 and other lands of which the recorded cost is included in a sum of \$1,818,933.81, but the cost of which can not be separately ascertained, were sold for \$828,819.67. Therefore, the total recorded cost, \$5,131,349.32, should be increased by an indeter-

minable part of \$314,211.31 and reduced by \$29,151.55 and an indeterminable part of \$1,818,933.81.

All of the lands, except those referred to as sold, were conveyed to the Central of New Jersey by four deeds, two of which recited nominal considerations, one a consideration of \$1,000,000, which was entered in its investment accounts, and the fourth a consideration of \$250,000, which is not shown to have been paid or to be in the investment accounts. The carrier also assumed \$4,987,000 par value of the dock company's outstanding mortgage bonds, which had been issued to retire a former bond issue of \$4,000,000 and accumulated interest. On the date of valuation all of the capital stock of the dock company was held by the Central of New Jersey, which has held stock control since 1866 and was able to dictate the former's transactions, including the manner of accounting between the two companies. Hence particular entries might be inconclusive as to the actual facts.

Our report will show as the Central of New Jersey's investment in these lands, according to the books of this carrier and of the dock company, the sum of \$5,131,349.32, plus an indeterminable part of \$314,211.31 less \$29,151.55 and an indeterminable part of \$1,818,933.81 for lands sold. With further adjustments due to the establishment of the costs of rights in public domain and a revision of the cost of the land acquired from the American Dock and Improvement Company, hereinafter referred to, our report will show the investment in road and equipment as \$113,412,346.49, and the investment in improvements on leased railway property as \$3,387,461.24.

*Original cost of lands.*—We have reported that the carriers' books show amounts aggregating \$17,979,577.85 as outlays of these roads and their predecessors for lands and rights owned or used, including noncarrier lands. The Central of New Jersey contends that the sum should equal \$18,155,711.26, made up of \$17,846,425.54 reported by it in response to our valuation order No. 7 and of \$309,285.72 for other items erroneously omitted therefrom.

A review of our records indicates that the sum reported in the tentative valuations erroneously includes outlays made by lessors, which aggregate \$152,345.80. This will be corrected. No evidence was offered with respect to the sum reported by the carriers, and no other errors are apparent. Regarding the additional outlays asserted, evidence adduced in the form of deeds, agreements of sale, vouchers, and estimates sustains the claim in the amount of \$18,500 based on accounting records and \$256,732.37 supported by considerations named in deeds and agreements. The tentative valuations will be changed to include these items.

Our statement already includes \$10,500 of the remaining difference, and \$24,000 represents a voucher payment for land, the title

to which has not been demonstrated to be in the carrier. An item of \$2,515.29 represents the estimated cost of constructing certain tracks, sidewalks, and paving, which was rejected because it was unsupported by accounting records, and \$2,961.94 is said to be deductible because of an error in the carrier's report of outlays. The amounts we have stated have been reviewed by our accountants in connection with the carrier's records, and we are not convinced that, except as already modified, the total sum is in error.

The Central of New Jersey insists that the gross outlays reported by some of its lessors contain expenditures made by it or other lessees that should be transferred from the amounts reported for the lessors to those for the lessees. An examination of the various reports shows that all appropriate transfers have been made, but in so doing all estimated incidental and other inappropriate costs have been eliminated for reasons hereinafter stated.

We have further reported that proceeds received from the sale of parts of parcels of lands aggregate \$1,720,120.02, and that a deduction not definitely determinable, assignable to these parts of parcels sold, should be made from the gross outlays. Also, a deduction of \$736,970.30 is made from gross outlays, which is the difference between the reported cost of certain parcels of lands and the part of the cost remaining after sale of parts of parcels. The actual proceeds of such land sales were not ascertainable. The Central of New Jersey contends that the original cost of the remaining parts of all parcels, some of which have since been sold, should be determined on an area basis and that a deduction of \$1,480,342.66 should be made in this connection. Similar contentions are made in behalf of lessors of the Central of New Jersey and by the Allentown Terminal and the New York and Long Branch. But this method of reporting original cost has been repeatedly rejected by us in earlier cases. We are confined in the main to the facts as they are ascertainable from the carrier's books and records. Under the circumstances, the tentative valuation must be approved in this respect.

Our tentative valuation further shows that a verification of the outlays reported by the Central of New Jersey resulted in deductions aggregating \$9,147,905.60 for various items there named. They include estimated incidental and attendant costs amounting to \$383,392.27, which the Central of New Jersey contends should not be deducted. This sum is stated to have been paid for the acquisition of lands, but no evidence as to details were adduced. It is urged that where the actual costs are not of record we should estimate them. Similar contentions are made in behalf of the Central of New Jersey's lessors and by the Allentown Terminal, Bay Shore Connecting Railroad, Nesquehoning Valley, and New York and Long Branch. In

previous cases we have repeatedly stated our reasons for not attempting to estimate original costs.

Deduction has been made of \$4,000, representing the Central of New Jersey's estimate of the value of passes issued in payment for certain lands. The amount, being nothing more than an estimate, falls within the ruling just stated and can not be included.

An item of \$28,000, reported as paid for lands acquired from the Mount Hope Mineral Railroad Company, was deducted because the amount includes improvements, and the proportion applicable to land is not ascertainable. The Central of New Jersey contends that we should apportion this purchase price by estimation, but the foregoing rule is also applicable here.

The sum of \$1,812,959.53, representing the cost of pier No. 9 in New York City, was deducted as not being properly includible. The record indicates that this sum is a part of a total expenditure of \$3,895,840.18 made by the Central of New Jersey in connection with water-front properties leased from the city of New York. Under our accounting rules such expenditures should be amortized over the terms of the leases and only the unamortized portion of the cost should be reported. The tentative valuation will be changed accordingly.

Deduction has been erroneously made of \$21,029.50, representing the cost of rights in certain lands flooded by the tidewater of Sandy Neck bay. The value of these lands under water has been reflected in the valuation of adjoining upland zones. An item of \$100, the cost of a water right at White House, N. J., was also erroneously deducted. These errors will be corrected by restoring the amounts.

The remaining amount of \$5,685.37 represents unpaid freight bills that the Central of New Jersey contends were applied in payment of certain lands acquired. We have included \$1,790 in the tentative valuation as the cost of these lands, which amount was reported by the carrier as being a condemnation award. The evidence is insufficient to prove that the lands in question were the only consideration for the cancellation of this unpaid freight. No change will therefore be made.

We state in the tentative valuation of the Central of New Jersey that the cost of repairs to an overhead bridge owned by the Delaware, Lackawanna & Western, aggregating \$28,184, should be deducted from the gross outlays reported by the Wilkes-Barre and Scranton Railway Company, a lessor of the Central of New Jersey. The latter contends that the outlay was incurred to acquire a right to cross under the Delaware, Lackawanna & Western tracks and should be restored.



The evidence shows that of the above sum items amounting to \$20,476.46 are supported by accounting records or contract considerations and that the remainder is an estimate. We have already stated our reasons for not including estimates in our statement of original cost. The tentative valuation will, therefore, be amended to include only the amount of \$20,476.46 proved by documents.

The New York and Long Branch contends that since the filing of its report of outlays in connection with land it has found additional expenditures aggregating \$6,583.99, of which \$898.62 was paid for land purchased at Red Bank, N. J. A voucher was submitted in proof of the latter payment. The tentative valuation will be modified to include this amount.

*Investment charged to operating and income accounts.*—The Central of New Jersey has found charges in these accounts prior to the date of valuation, aggregating \$929,322.88, that are said to represent charges for additions and betterments and equipment. Our accountants were unable to determine from an analysis of the accounts whether such charges represent the cost of additional property actually in existence on valuation date and not renewals or replacements, in whole or in part, of property originally charged to investment in road and equipment accounts and not written out. Moreover, it is not definitely ascertainable whether or not any further deductions should be made for property retired and not written out, as the carrier has made no report of property abandoned, as called for by our valuation order No. 10.

The carrier submitted statements of adjustment entries in its books charging to capital accounts items aggregating \$865,341.32, of which \$586,277.01 are said to be for additions and betterments originally charged to maintenance of freight-train cars and \$279,064.31 for additions and betterments originally charged to income accounts. The record affords no identification of the property in question or details of the expenditures enumerated.

Other statements presented relate to expenditures of \$48,535.33 for additions and betterments to floating equipment and \$221,360.50 for improvements to leased railway property prior to the date of valuation, the former originally charged to operating expense and the latter to income accounts. The witness, however, was unable to state whether any of the property thus installed was in existence on the date of valuation.

Our examination of the carrier's records was for the purpose of ascertaining and reporting all expenditures made for the construction or acquisition of property or for additions and betterments thereto, and we have reported what the records show. The evidence

is not persuasive that the items here contended for represent only additional property in existence on valuation date and not renewals or replacements, in whole or in part, of property charged to investment in road and equipment accounts and not written out. The claims, therefore, can not be approved.

*Investment of the New York and Long Branch Railroad Company.*—The bureau introduced several revised sheets of the accounting report of the investment of this road and recommends their substitution for the corresponding sheets in the tentative valuation. The revised data show investments on this carrier's books totaling \$5,401,870.12 instead of \$5,410,522.18, and restated investments equaling \$5,085,716.62, instead of \$5,101,987.32. The differences are due to minor adjustments, mainly one that arose from transactions between the carrier and The United States Railroad Administration. The revised statement from the carrier's books agrees with the figure in its protest. The proposed changes are approved.

But it is asserted that in conditionally restating the investment accounts we have erroneously omitted items aggregating \$308,314.65, comprising \$84,000 for discount on bonds sold for construction, \$105,040 donated by the Pennsylvania Railroad Company and others for a bridge across the Raritan River, for the construction of stations, and for organization expenses, \$77,518.71 for numerous roadway items originally charged to operating expenses and transferred to investment subsequent to valuation date, and \$41,755.94 as an estimated amount erroneously written out by the carrier for land withdrawn from railroad purposes. It is also suggested that we deduct from our restatement of the investment account \$9,120.35 for a station at Interlaken, N. J., retired in 1917 and not replaced.

The investment account should include only such proportion of the discount on funded debt incurred for construction as is assignable to the period between the date of issuance of the securities and the time when the property becomes available for service. We have not been furnished with any information that would enable us to determine what proportion, if any, of the amount contended for should be so assigned. The tentative valuation is therefore approved in this respect.

All donations recorded on the books of the New York and Long Branch are reported by us in the appropriate accounts. The only evidence offered in support of the contention as to this item consists of a letter authorizing this road to draw on the Pennsylvania Railroad Company for \$100,000 when the bridge over the Raritan River was completed and ready for service. There is no evidence that any amount was actually paid.

The contention with respect to items charged to operating expenses and transferred to investment accounts is denied for reasons

already stated. Deduction of the amount for the station retired from service at Interlaken is approved.

As to the amount alleged to have been erroneously written out of the investment accounts for land withdrawn from railroad purposes, the record is insufficient to substantiate this contention. We are unable to identify the land in connection with the accounting transaction. As the entries in question were made by the carrier at the time of the transaction, we must assume, without more definite information, that they are correct. The contention, therefore, can not be approved.

#### COST OF REPRODUCTION NEW

*Recommended changes.*—At the hearing the bureau recommended numerous changes in items comprising the cost of reproduction new and cost of reproduction less depreciation stated in the tentative valuations of the various carriers in this proceeding. These changes will cause an aggregate net increase of \$1,042,008 in the cost of reproduction new and of \$807,152 in the cost of reproduction less depreciation. They result from corrections in quantities, classification, unit prices, and condition percentages of property upon review and revision of the inventories. Except as hereinafter considered and determined, these recommendations are approved and the tentative valuations will be amended accordingly.

*Unit prices.*—The carriers protest the application of 1910–1914 prices to property installed between the latter period and the date of valuation, contending that current purchases and additions and betterments during that interval, amounting to \$10,980,908, were made at rapidly ascending prices. Their estimate of the cost of reproduction of these items at 1914 prices, trended to valuation date by the use of factors taken from bulletins of the United States Bureau of Labor, is \$2,377,073 less than the above sum. It is urged that this excess, with interest thereon amounting to \$178,919, be included in our tentative valuations.

We have clearly stated in previously decided cases our reasons for the application of the 1910–1914 price level to the inventoried property of carriers. No change will be made.

*Engineering.*—The tentative valuations include \$2,929,375 for engineering, computed at percentages ranging from 4 to 4.5 per cent of the amounts representing the cost of reproduction new in the roadway accounts, exclusive of Engineering and Land. The use of the percentage basis is protested and an amount of not less than \$6,000 per mile is sought for this expense. The latter would be equivalent to slightly more than 5 per cent of the cost of reproduction new. The principal objections to the percentage method advanced by the carriers are that engineering costs may be distorted by fluctuating

prices and by quantities and qualities of construction items that affect the cost of engineering little, if at all, and that engineers usually have insufficient information regarding the accounts to determine whether engineering expense has been properly charged in the carrier's records.

They further contend that the cost of engineering can only be estimated after a careful study of the topography and alignments, the quantity and kind of materials and structures involved, and the probable construction costs and other factors proper for consideration. The estimates submitted are asserted to be based on such analyses, but we are not furnished with any supporting data.

In *Texas Midland Railroad*, 75 I. C. C. 1, 135-136, we fully explained our reasons for using the percentage method. The ratios here used were determined after an inspection of the property and a consideration of the cost of construction of these and other properties. This subject has been discussed at length in *Atchison, Topeka & Santa Fe Ry. Co.*, 127 I. C. C. 1, 13-18, and the same general principles are applicable here. The protest has not been substantiated.

*Grading.*—The carriers protest the sum of \$15,414,412 that we have reported for the cost of reproduction new of grading and assert that it should be increased to \$19,178,969. The greater part of the increase sought is based on higher unit prices, different classification of materials, and additional quantities for subsidence. Their estimate of the total excavated quantities exceeds those embodied in the tentative valuations by 428,232 cubic yards, of which 224,392 cubic yards are for shrinkage of subsidence. The remaining difference in quantities is unexplained. Other items in dispute arise from differences in prices for bulkheads and jetties, dredging, riprap in retaining walls, and cast-iron pipe, and from our exclusion of the cost of clearing certain lands outside of the right of way for fire protection.

Because of widely different characteristics, the roadbed grading on this system may be more accurately considered in two divisions. One division includes the lines in the territory north of Perth Amboy, N. J., and the other lines on the coastal plains south of Perth Amboy. The former are for convenience designated as Group 1 and the latter as Group 2.

The grading quantities on Group 1 lines average 51,000 cubic yards per mile and embrace 33 per cent of classified material, while the lines in Group 2 average but 15,000 cubic yards per mile and embrace less than 1 per cent of classified material. The quantities in each group have been computed on the so-called one-way-pay basis.

The pay quantities on the Group 1 lines aggregate 20,439,132 cubic yards, classified as 67 per cent common, 4 per cent loose rock, and 29 per cent solid rock. Average unit prices, including overhaul, of 29.6, 46, and 79 cents per cubic yard, respectively, have been applied. The weighted average unclassified price is 44.7 cents per yard.

The pay quantities on Group 2 lines aggregate 4,804,691 cubic yards. The unit prices as recommended by the bureau at the hearing including overhaul, average 26.4, 41.4, and 75 cents per yard for common, loose-rock, and solid-rock excavation, respectively. The weighted-average unclassified price is 26.5 cents per yard.

We have also reported 6,116,894 cubic yards of slag, cinders, mine and city waste, and dredged material, on which special prices have been applied in the light of the particular circumstances in each case.

The weighted-average unclassified price of all pay quantities inventoried on this system is 40 cents per cubic yard. The variations in price above and below this figure depend upon the nature of the material, the manner of handling, length of haul, and one or more of a variety of favorable or unfavorable circumstances or conditions that may be encountered in such work.

Protestants classify the material specially priced, except 1,801,303 cubic yards of city waste and rock fill, as common excavation, but offer no evidence in support of this classification. However, it will be observed that the special prices we have applied to these materials are in excess of the prices on the common excavation in either of Groups 1 and 2. No change will be made in this respect.

It is further contended that the weighted-average price should equal 48.6 cents per cubic yard. In support thereof, we are offered the opinion testimony of a contractor, who inspected the grading, reviewed his records of former contract work, and our field notes, and, on his understanding of our methods of pricing, estimated that the 1910-1914 cost of this roadbed grading would average 48.9 cents per cubic yard.

Another witness presented data purporting to show the cost of grading 163 miles of road similar to the lines in Group 1, on which the excavation aggregated 17,436,836 cubic yards, classified as 70 per cent common, 8 per cent loose rock, and 22 per cent solid rock. The average price, unclassified, is shown as 44.4 cents per yard. He estimated that the cost of grading Group 1 lines would exceed the latter price because of a larger proportion of work through cities, where greater hazards are incurred than in the open country, traffic must be maintained through residential and industrial districts, interference is met with due to the proximity of canals, and scattered sites of solid rock on some of the branches require the frequent

movement of equipment. His estimate of the proper price of unclassified grading on these lines is not less than 49 cents per cubic yard.

The bureau submitted data of grading costs on 26 projects in the vicinity of the lines in Group 1. These data show 21,797,118 cubic yards of common excavation at an average base contract price of 25.4 cents and, with overhaul of 26.5 cents per yard, 2,819,037 yards of loose rock at an average price, including overhaul, of 44 cents per yard, and of over 20,000,000 yards of solid rock at an average price, including overhaul, of 69.7 cents per yard. Included also are 17,691,158 cubic yards of unclassified material at an average price, including overhaul, of 42.6 cents per yard. The average price, unclassified, including overhaul, for over 62,000,000 cubic yards is 44.9 cents per yard. The total volume shown in the table, except 1,678,738 cubic yards, is classified 53 per cent common, 7 per cent loose rock, and 40 per cent solid rock. Applying these percentages to the price for the material on the lines in Group 1 unclassified, the result is a price of 50.3 cents per yard compared with the unclassified cost-data figure of 44.9 cents per yard.

The data of the bureau also contain a summary of the grading costs on 166 projects in the Appalachian-mountain territory, embracing 109,052,838 cubic yards of excavation at a weighted-average cost of 50.5 cents per yard. Over 102,000,000 yards have been classified as 37 per cent common, 20 per cent loose rock, and 43 per cent solid rock. The weighted-average cost, including overhaul, is shown as 26.2, 39.8, and 76.7 cents per yard, respectively. The application of these percentages to the price, unclassified, used on the lines in Group 1 produces a figure of 54.1 cents per yard compared with the unclassified cost-data price of 44.9 cents per yard.

The carrier witness presented similar cost data with respect to the lines in Group 2. This exhibit pertains to 11.3 miles of constructed road, on which there were 207,729 cubic yards of common excavation that cost an average of 30.3 cents per cubic yard, and also to four sections of the Virginian Railway, equaling 75 miles of road with 1,679,808 cubic yards of common excavation, of which 76 per cent was team work at a cost of 23.2 cents per yard and 24 per cent steam-shovel work at 34.2 cents per yard. By applying the latter figures to the team and steam shovel excavation on the lines in this group, he has developed a weighted-average price for common excavation of 31.3 cents per cubic yard. He, therefore, concluded that not less than 30 cents per yard should be applied to this class of material.

The data offered by the bureau in this connection show grading costs on 13 projects in the vicinity of the lines in Group 2 embracing  
149 I. C. C.

247 miles of road, on which there were 5,509,766 cubic yards of common excavation at a weighted-average price, including overhaul, of 23.2 cents per yard.

Protestants contend that many of the projects listed in the data of the bureau are not comparable with their lines, because of differences in volume and classification of quantities and for the reason that the cost data do not include expenditures made by the carriers over and above the contract costs. But detailed studies of the underlying circumstances and data demonstrate that on the whole fully as difficult conditions were encountered in the work relied upon by the bureau as would be met with in the reproduction of these lines and that most of the outlay made by the carriers over the contract cost of grading was for items inventoried and priced separately in other accounts. We recognize that there usually is additional expense includible in the grading account that is not covered by contract prices, and in this case have added 5 per cent therefor. We can not properly include items of the character of many embodied in the estimates of additional expenses made by protestants. There are insufficient details by which we may test the reasonableness and the accuracy of those estimates. The unit prices for grading used in the tentative valuations are considerably in excess of the figures indicated by the cost data. They should be sufficient to include any such costs. No changes will, therefore, be made except those already approved.

It is further protested that we have failed to include sufficient quantities of common excavation to cover shrinkage of subsidence. The same principle under which we add 10 per cent to visible embankment quantities to cover shrinkage is urged with respect to the embankment quantities in soft spots below the natural ground level where subsidence has occurred.

Similar contentions of other carriers were denied in *Bangor & Aroostook R. R. Co.*, 97 I. C. C. 153, 158, and in *Grand Trunk Ry. Co. of Canada*, 143 I. C. C. 1.

No change will be made in the tentative valuations in this respect.

On 172,638 cubic yards of stone fill between Atlantic Highlands and Highland Beach, N. J., and 117,122 cubic yards of stone and slag riprap at Long Beach, N. J., we have applied prices of \$1 and \$1.50 per yard, respectively. The carriers seek increases to \$2.50 per cubic yard for 276,169 yards of stone along the ocean front and to \$1.50 per cubic yard for 13,591 yards at various other locations. The prices sought would result in an increase in the cost of reproduction new of \$362,490. A further increase contended for is one of \$121,082 in the amount found for piling in jetties and bulkheads. Prices for such piling of \$1 per foot for 89,000 feet in jetties, 50 cents

for 376,952 feet in bulkheads, and 45 cents for 7,086 feet in retaining walls are asked in lieu of the applied prices of 50 cents for 88,360 feet in jetties and 30 cents for 384,678 feet in bulkheads.

These claims are based upon the opinion testimony of a contractor who in 1915 built six jetties for the Central of New Jersey between Highland Beach and Seabright, N. J. The stated contract price for these jetties is \$21,313.14, but, due to unforeseen difficulties, the actual cost was \$33,578.69. This amount, together with the cost of timber supplied by the carrier, was allocated to various phases of the construction and the resulting percentages were applied to all the quantities in jetties and bulkheads on the carrier's lines. His estimated price for stone is not supported by any data of record. This evidence is insufficient to sustain the contentions.

The recommendations hereinbefore approved increase the amount reported for jetties by \$34,705, due mainly to increases in unit price as follows: Treated timber from \$85 per M, b. m., to \$93, untreated timber from \$70 to \$80 per M, b. m., piling from 50 to 70 cents per linear foot, and galvanized-iron hardware from 5 to 8 cents per pound. These revised prices and the other unit prices used in the tentative valuation are based upon costs reported by the carrier for the construction of the property in question and upon consideration of similar tide-water work on other roads. We believe that actual prices paid by railroads for work performed during our pricing period are more reliable for reproduction purposes than estimates such as are here advanced.

The tentative valuations will be amended in accordance with the foregoing findings.

Protestants urge that provision should be made in the tentative valuations for \$83,990 to cover the cost of clearing and plowing a strip of adjacent land on each side of the right of way for the protection of adjoining property from fire. They contend that these data were included in our earlier engineering reports, but that the figures for the work off the right of way were omitted from the tentative valuations. The expense of maintenance of such fire lines is charged to operating expenses, and it is urged that the cost of their construction is a necessary and proper charge to the investment accounts.

These fire lines were in existence on valuation date and were inventoried by our engineers. Construction off the carrier's right of way, even if upon private property, is properly includible if it is essential to the existence and operation of the railroad and would be reproduced if the railroad itself were rebuilt. This item, therefore, is approved.



The Central of New Jersey protests that the price for dredged filling at the Port Reading, N. J., creosoting plant, included in the tentative valuation at 15 cents per cubic yard, is inadequate and should be 21 cents per yard. This is based on an estimate of its witness, who has had considerable experience in similar dredging work. The only cost data submitted were comprised in a list of 21 projects in northeastern New Jersey, none of which were similar to the work in question. The price stated in the tentative valuation for this dredged filling was derived from actual costs of similar work on various railroads. The protest is not sustained.

*Cast-iron pipe.*—This material is priced in the tentative valuation at \$32 per net ton in place. Protestants contend for \$50, which is supported by prices paid by the Easton and Western, \$67; and by other carriers, averaging \$57.22. The carriers' figures are in line with the prices contained in contracts in the territory, which range from \$38 to \$75, but those contracts involve small quantities and the prices are much higher than in other parts of the country. In Illinois and Ohio they range from \$29 to \$35. The wide variance is not explainable by differences in construction conditions. Evidence offered by the bureau shows that in the territory of the Central of New Jersey the cost of the pipe at the plant, plus freight, and a cost of installation derived from contracts, totals only \$33. We are persuaded that the contract prices for the pipe in place are not wholly reliable. We are satisfied that a price of \$45 a ton is adequate.

*Tunnels.*—The Central of New Jersey leases its Glen Onoko and White Haven tunnels from the Lehigh Coal and Navigation Company. The Nesquehoning Valley owns one tunnel, known as the Nesquehoning tunnel, which is leased to the Lehigh Coal and Navigation Company and is used by the Lehigh and New England Railroad Company. The total length of the three tunnels is 5,928 feet.

The Central of New Jersey and the Nesquehoning Valley protest that our estimates amounting to \$335,181 are inadequate to reproduce these tunnels and that the sum should be not less than \$457,665. They rely upon the opinion testimony of a contractor and upon the evidence submitted in Valuation Docket No. 342, *Lehigh & New England R. R. Co.*, not yet decided. In neither instance is the testimony supported by any actual cost data.

We have applied prices of \$3 per cubic yard for excavation and \$1.50 per cubic yard for breakage in the Nesquehoning tunnel and \$3.25 and \$1 per cubic yard for the corresponding items in the case of the Glen Onoko and White Haven tunnels. The testimony of a witness for the bureau indicates that there should be no difference in

the prices for the three tunnels. He presented data showing the average cost of excavation in 154 tunnels, 31 of which were constructed within our pricing period. The average figure for the 31 tunnels is \$3.20 per cubic yard. He presented similar data with respect to the cost of tunnel breakage, the average of which is \$1 per cubic yard. Accordingly, we find that the price for excavation of the Nesquehoning tunnel should be increased from \$3 to \$3.25 per cubic yard and the price for breakage decreased from \$1.50 to \$1 per cubic yard.

The service condition of the excavation and breakage in the White Haven tunnel has been reported at 91 per cent of the condition new. The same items in the Glen Onoko and Nesquehoning tunnels have not been depreciated. In order that the former may conform to our usual practice of not depreciating such items, the cost of reproduction less depreciation stated therefor will be increased by the amount of the deduction.

*Bridges.*—Protestants contend that the prices applied on all wet excavation inventoried to the grading and bridge accounts should be increased to a parity with those recommended by the bureau for some of the wet excavation in connection with bridges and the cost of reproduction increased by \$74,999.

The recommended increase for wet excavation in connection with bridges grew out of a revision of the measured quantities. The depth of the excavation had been measured from the bed of the stream to the bottom of the excavation. The revised prices are based on measurement downward from the surface of the water, to compensate for the expense of cofferdamming. The other items inventoried comprise mainly culverts, which are more easily installed. The prices used on wet excavation for culverts are based on costs reported by carriers for similar work in the same territory, and no change will be made.

The New York and Long Branch protests the amount of \$88,302 reported as the cost of reproduction new for the substructure of bridge 16-08 across the Navesink River at Red Bank, N. J., and seeks an increase to not less than \$165,166. It relies on the statement of original cost. This bridge was built in 1913, at a cost for the substructure of \$170,307, as taken from construction records. The cost of the entire bridge is stated as \$261,102. We have shown the cost of reproduction new as \$194,986. Concrete masonry has been priced at \$7.50 per cubic yard, wet excavation at \$2.55 per cubic yard, and piling at 45 cents per linear foot. The contract under which the work was done provided an unallocated price of \$21.89 per cubic yard for concrete and wet excavation and 61.7 cents per linear foot for piling.

The 6,151 cubic yards of wet excavation reported were computed upon a measurement of 7 feet from the water surface to the base of the pedestal. The carrier asserts that the Navesink River at this point is a tidal stream; that mean high water level is 10 feet above the base of the pedestal; and that a cofferdam 2 feet above high water level would be required. After reviewing the plans of this bridge and the unit prices applied, the bureau recommends that the quantity of wet excavation be increased to 7,316 cubic yards and that the prices be increased to \$5.55 per cubic yard for wet excavation, to \$9 per cubic yard for concrete masonry, and to 62 cents per foot for piling.

The remaining difference between the complete original cost and the cost of reproduction new reported represents certain expenditures made by the carrier that would not be necessary in reproduction, including that for handling traffic over the bridge while under construction. The evidence is not sufficient to warrant a further increase over that recommended.

In certain instances we have applied unit prices for bridge-foundation masonry, dry-rubble masonry, and bridge paving that are somewhat higher than those sought. As to masonry, it appears that the class of such work on these bridges is different from that we have priced at \$6 per cubic yard on other bridges. Our cost data support the prices used, and no change is warranted in this respect.

It is contended that we have not reported the cost of reproduction of two bridges that cross the Standard Oil Company's pipe lines on valuation sections 1-0 and 1-G, of which the Central of New Jersey asserts ownership. These bridges were omitted under the impression that they were property of the oil company. The record does not show who constructed or paid for them, but it is shown that they are located on protestant's right of way and support its tracks. We have previously decided in such instances that, in the absence of an agreement as to the ownership, such property will be inventoried to the using carrier. The tentative valuation will be modified to include these bridges as owned and used by this carrier.

Our price of 16 cents per cubic yard for dredging the Hackensack and Passaic Rivers is protested as inadequate and 28 cents per cubic yard for the former and 18 cents for the latter are sought. These prices are advanced as the actual rates paid for the work when done during the years of 1912 and 1913. The dredged material was disposed of at sea. The contractor who performed the work introduced a table showing the cost of dredging approximately 11,000,000 cubic yards on 21 projects in northeastern New Jersey. He analyzed each and concluded that only 4 of them were wholly or in part comparable with the carrier's dredging. The volume of material handled on the 4 projects amounted to 7,887,753 cubic yards and the weighted-

average cost is stated as 16.39 cents per yard. This is a substantial check of the figure that we have used in the tentative valuation, and we are not convinced that it is inadequate.

The carrier further protests the omission of the estimated cost of reproduction of the approach to a bridge over the Shrewsbury River at Highlands, N. J. This bridge carries both the railroad and vehicular traffic. It was constructed under public authority, which required the use of a part as a public highway. The omitted grading originally was inventoried to the carrier at an estimated cost of reproduction new of \$8,129. Subsequently, the amount was deleted by the bureau because this approach is located upon land outside of the right of way. As previously determined in other instances, property owned and used by a common carrier in the public service, even though located off the right of way, should be inventoried and included in the appraisal of its property. The tentative valuation will be amended correspondingly.

*Ties.*—Protestants seek increases aggregating \$350,441 in the cost of reproduction new estimated for ties, based almost wholly on a claim for greater provision for transportation. The sources of ties taken as a basis for our computation of transportation are those from which the carriers actually obtained the ties that were in their roadbed on the date of valuation. It was assumed that the ties would be hauled over these lines as they were constructed. The average distance was estimated as 60 miles for crossties and 50 miles for bridge ties. A company-haul rate of 5 mills per ton-mile has been applied.

The sources of supply used by protestants do not differ materially from those used by us. But it is urged that, owing to the large number of streams crossed, ties could not be transported over these lines until after bridges were installed; and that, if the construction program of the bureau were adopted, the period of construction would be extended to at least three times that relied upon in our tentative valuations. Therefore, protestants have assumed material yards at intersections with various connecting carriers and have ascertained average lengths of haul from the sources of supply to these material yards of 64 miles for crossties and 50 miles for bridge ties. The freight is then computed at tariff rates in effect over the connecting carriers on June 30, 1914.

This question was fully considered by us in *Atchison, Topeka & Santa Fe Ry. Co.*, *supra*, at pages 24-32, and our finding there, affirming *Texas Midland Railroad*, *supra*, in so far as applicable to the carriers in the settled eastern territory, sustains the principle of nonexistence of the Central of New Jersey at the beginning of construction, and the subsequent availability of certain sections of the

line for the purpose of company haul as construction progresses. It follows that commercial hauls must be substituted largely for the company hauls used in the tentative valuations. For the purpose of this case we shall treat all of the carriers in this proceeding as parts of the Central of New Jersey system, and our unit prices will be modified to include charges for transportation from assumed sources of supply to material yards over the lines of other carriers at the published tariff rates in effect on June 30, 1914.

The carriers also seek an increase of \$16,628 based on difference in prices of pine, oak, and treated bridge ties. The prices contended for in most instances have been developed from their purchases as reported to us for the years 1905 to 1914 and in a few cases are estimates. The prices applied in the tentative valuations are based upon the carriers' purchases for the years 1910 to 1914, and we believe they are more truly representative of proper reproduction prices than those claimed. No change will be made in this respect.

*Rail.*—Protestants seek an increase of \$819,606 in this account, based solely on their contention that relay rail should be priced as new rail rather than as secondhand rail, as has been done in the tentative valuations, following our usual practice in this respect. This question has been determined adversely to protestants' contention in numerous earlier cases. We are shown no sound reason for changing our practice here.

In computing our prices for new rail, the source of open-hearth rail was taken as South Bethlehem, Pa., a point on this system, and the source of Bessemer rail was taken as Steelton, Pa., a point on the Philadelphia & Reading. Freight charges were computed from published tariffs. At the hearing the bureau recommended that this freight be reduced to the basis of a company-haul rate of 5 mills per ton-mile for both company and foreign-line movement. But, for reasons stated hereinbefore, this recommendation can not be approved. No change will be made in the prices for new rail.

*Other track material.*—Increases aggregating \$219,918 are sought in this account because of our pricing of other track material on a secondhand basis rather than as new. For reasons stated in connection with relay rail, no change will be made in this item.

Claim is also made for prices of \$8.75 each for 6-hole insulated rail joints and \$8.15 each for 4-hole insulated rail joints in lieu of \$7.50 and \$6.50, respectively, that we have applied. The former are based on prices paid in 1908 and include an estimated amount to reflect increases between that date and 1914, also transportation and material-yard expenses. Analysis of protestants' reported costs discloses that in many instances they have paid more than the average prices paid by other carriers for similar rail joints and more than they report

as having been paid for these joints in 1915. The prices applied were not intended to agree with original costs, but were determined after a study of the prices paid by a large number of carriers. However, after reviewing the matter, the bureau recommends that the prices be increased to \$8.20 each. This recommendation is approved.

Nut locks were inventoried in two sizes, 1 inch and 0.75 inch in diameter. An average price of \$7 per thousand was applied, derived upon consideration of costs reported by these carriers for a large quantity of nut locks of various sizes carrying different prices. The carriers request prices of \$8 per 1,000 for the 1-inch nut locks and \$7 per 1,000 for the 0.75-inch nut locks. Included with the former are 202,387 Hipower nut locks, which are said to have been purchased in 1915 at a cost of \$11.86 per 1,000, but which were inventoried as 1-inch National nut locks. After reexamining the cost of all nut locks on this system, the bureau recommends that the price for 1-inch National nut locks be increased to \$7.50 per thousand. This recommendation has our approval.

Our estimates of the cost of reproducing 863 switches on the Central of New Jersey's valuation section 9 are protested as inadequate. Apparently lower prices have been used for these switches than for similar switches on other parts of the line. The bureau concedes that the prices used for reinforced switches in this valuation section are in error and recommends that they be increased to equal the price used for similar switches at other locations. The recommendation does not include the switches in yard tracks and sidings, which number 419. There apparently is no good reason why switches of the same type in yard tracks and sidings should be priced less than those in the main line. Accordingly, the price of switches in section 9 of the main line and in yard tracks and sidings will be increased to a parity with the prices used elsewhere on the main line.

Prices of \$5 each were used on 6 switch latches and of \$19 each on 14 special derail switch points located on the Ashley (Pa.) Planes. The carrier contends that these prices should be increased to \$85 each for the latches and to \$62 and \$70 each respectively for 90 and 100 pound derail switch points, based on actual costs in 1908, plus estimated increases between that year and 1914 and transportation and material-yard expense. Upon review of the cost data, the bureau recommends that the price of the latches be increased to \$75 and of the 90 and 100 pound derail switch points to \$57.50 and \$65, respectively, which include freight and material-yard expense. The evidence warrants the approval of this recommendation.

We are said to have omitted from our report 10 guard rails in the main line, the appropriate price of which is stated as \$85. A

check of our inventory fails to disclose any omissions. No change will be made.

*Ballast.*—All the cinder ballast in the tracks on valuation date, except 214,000 cubic yards, was obtained from ash pits located on the system. The price applied includes 20 cents per cubic yard for loading and unloading and freight charges ranging from 5 to 26 cents per yard, depending on the distance. The weighted-average length of haul is 13 miles at a cost of 10.9 cents per cubic yard.

Protestants contend for an increase of \$711,572 on cinder ballast, of which \$159,864 is for shrinkage and the remainder for transportation, due to difference in estimates of length of haul made by us and by their engineers. There is agreement as to sources of supply except that protestants eliminate 214,000 cubic yards shown from Perth Amboy industries, as cinders from that source have been found unsatisfactory for ballast and are used for filling purposes. Their exhibit shows the quantities produced in 1917 at each source taken by the bureau except Perth Amboy. It is stated that it would require 6.5 years to produce the quantity of cinder ballast inventoried, but that under our plan of distribution the time required to produce the quantities assigned to the various sources would range from less than 1 year to over 31 years. They have redistributed the volume in the proportion that the production at each point in 1917 bears to the total inventoried quantity. The length of haul was then computed from each source to the work and weighted-average transportation of 36 miles obtained. A weighted-average freight charge of 23 cents per cubic yard was reached by applying the scale of distance rates for cinder ballast used by the bureau.

The bureau has reviewed its plan of distribution and that proposed by these carriers. It recommends that the average haul on 2,023,954 cubic yards of cinders on valuation section 1 (a-o) be increased from 8.2 miles to 11 miles, and on 634,968 cubic yards on valuation section 1 (r-w) be increased from 45 miles to 51 miles. This recommendation is approved and the cost of reproduction new and cost of reproduction less depreciation will be increased \$59,527 and \$29,764, respectively.

The depth of cinder ballast on protestants' system averages 1.5 feet. It was placed under operation and in small quantities at a time, as produced. These roads serve many industrial districts where cinders may be obtained commercially in addition to their own production. It is not necessary in reproduction to assume any definite time of production of cinders used for ballast. No further change in this respect is justifiable.

The measured volume of ballast in track has been increased 10 per cent for shrinkage and waste in determining the quantity pur-

chased. Protestants contend that not less than 15 per cent should be added for shrinkage. Their evidence relates to certain tests made to determine the extent of shrinkage, such as filling a box with ballast and either rapping the box with a hammer or tamping the ballast, and in other instances of both rapping and tamping. From measurements afterward taken, it is reported that the shrinkage of trap rock was successively 15.6 per cent, 17.2 per cent, and 18.75 per cent, and of cinders 23.4 per cent and 32.8 per cent, depending upon the method used. Testimony on this question from other valuation proceedings was also introduced in this case.

The results of these tests may indicate the maximum shrinkage that would take place if all the ballast in track were subjected to the same treatment. Some of the ballast in service, particularly that directly under the rails or ties, may show such shrinkage, due to tamping and train operation. But a large proportion of it is not subjected to that action. We are of opinion that the addition of 10 per cent to the measured quantities of ballast in tracks at the time of the inventory will do full justice. No change, therefore, will be made.

*Tracklaying and surfacing.*—Protestants contend that the sum of \$3,615,131 included in the tentative valuations for the cost of reproduction new of this work is inadequate and should be increased by \$2,678,998. Of the latter amount, \$1,704,527 is due to difference in methods used by the carriers and the bureau in determining costs. Protestants' figures contemplate the reproduction of tracks capable at once of sustaining traffic of the density and speed moved on these roads on valuation date, whereas our estimates are based on the construction new of the same kinds of tracks without reference to speed or appreciation of the roadway due to train operation, natural causes, and the lapse of time.

The remaining difference of \$974,471 represents what is stated to be a necessary cost under reproduction for additional labor to keep a new track properly surfaced and aligned for train operation in excess of similar expense on a track on a seasoned and solidified roadbed.

The prices used by protestants for tracklaying and surfacing were derived from a study made by a subcommittee of the railroad presidents' conference committee and reported in what is known as Formula F. This formula was fully considered in *New York, Philadelphia & Norfolk R. R. Co.*, 97 I. C. C. 273, where we reached the conclusion that it did not afford a reliable guide in the determination of prices for tracklaying and surfacing under reproduction. The amount for additional labor for maintaining tracks during the seasoning was developed from studies of such costs introduced in the



same case. This item was not approved, for the reasons stated in that report.

None of the protestants' contentions is supported by actual cost data from their own lines. They rely in large part on the evidence and data presented in Valuation Docket No. 221, *Boston and Maine Railroad*, and other valuation proceedings. This matter has been analyzed in detail in the cases in which introduced. To a very large extent the cost data reflect conditions peculiar to the particular roads involved and in that respect have only limited application here. In so far as the evidence is applicable in this case, it is not convincing that the prices we have applied are inadequate. We find that the protest has not been sustained.

*Right-of-way fences.*—Protestants object to a proposal of the bureau to reduce the price on 49-inch woven-wire fence from \$375 to \$264 per mile and that on 5-barbed wire fence from \$225 to \$185 per mile, but they offered no evidence to sustain their views. The reductions result from a revision of prices made necessary by a study of prices paid by carriers for posts and wire. In pricing we add appropriate amounts for transportation, material-yard handling, distribution, and erecting. The amount for labor has been developed by a study of contract costs of erecting fences on various roads. The tentative valuations will be modified in accordance with this recommendation.

*Crossings and signs.*—The carriers assert that during and subsequent to original construction certain highways parallel to the right of way were constructed at their expense, which roads would have to be constructed again upon a reproduction of the railroads. Claim therefore is made for \$202,729 for this purpose.

We have consistently declined to include amounts for highway changes that would not be affected if the carrier's property were eliminated on valuation date. The omission in question is approved.

It is also contended that \$9,819.17 should be included for the reproduction of bridge 104-22 over its tracks at Winslow Junction, N. J., which was built at the joint expense of the Central of New Jersey and the Atlantic City Railroad Company. The former offered evidence of an agreement between it and the Philadelphia & Reading, the latter acting for the Atlantic City Railroad, providing that the ownership of the north and south abutments and the plate-girder span over the Central of New Jersey should be divided 50 per cent to the latter and 50 per cent to the Philadelphia & Reading. We have uniformly apportioned the cost of jointly-owned property in conformity with ownership agreements between the respective parties. Accordingly, the tentative valuation will be amended to include 50 per cent of the estimated cost of reproduction of the items referred to.

The Central of New Jersey urges that the cost of reproduction of crossing gates on the West End branch should be increased \$3,126. Of this amount, \$1,622 is said to be due to inadequate prices for material and labor. No evidence was presented to show the original or any comparable costs of these or similar gates, and no change will be made. The remaining difference results from the erroneous omission of freight and installation costs. This error has been corrected by the approval of previous recommendations.

The bureau recommends a decrease of 10 per cent in the costs of reproduction stated for all crossing gates on the system. The prices applied were based on incomplete cost data for similar gates. Subsequently considerable additional cost data have been assembled, including costs to these carriers of gates typical of the crossing gates on their system. The reduction recommended will bring these prices in line with the prices applied on similar gates on other carriers and with the actual costs of these carriers. This recommendation is approved, and the tentative valuations will be changed accordingly.

*Grade-crossing elimination in various accounts.*—In estimating the cost of grade-crossing elimination under reproduction, certain deductions were made for contributions made by municipalities and others. Protestants contend that we are required to report the cost of reproduction of property used by them regardless of who paid for it. In *Lessees, Buffalo Creek R. R.*, 141 I. C. C. 1, we explained the reasons for making these deductions. The entire property has been inventoried to the carriers and the amounts contributed by others have been deducted. No change will be made.

*Station and office buildings.*—The tentative valuation includes \$2,183,935 as the estimated cost of reproduction of the Jersey City and Jackson Avenue passenger terminals, freight shed, and post office and express buildings at Jersey City, Broad Street passenger terminal at Newark, eastbound and westbound passenger station at Plainfield, and twin passenger stations at Boundbrook. As a result of informal conferences between representatives of the carrier and the bureau during the hearing, the bureau recommended that the above sum be increased to \$2,411,763. The carrier protests that the latter is inadequate in the amount of \$312,772, due to differences in unit prices and the omission of certain items. Its contentions with respect to prices are based mainly on its records of original costs. Where the records are incomplete or uncertain, estimates of labor and material are made as of June 30, 1914. A diminution of 15 per cent of recorded costs of the platform and foundation under the train sheds and concourse at the Jersey City terminal was made for over-time labor, inefficient supervision during a part of the construction, and traffic interference. Other deductions were made

from the costs of the various structures for items not properly includible in this account.

The evidence does not permit us to determine the accuracy of the carrier's estimates nor whether all of the items improperly charged have been deducted. Where the construction took place prior or subsequent to our pricing period, the carrier adjusted the original cost to the 1914 level by applying a multiple taken from a report of the New York-Pittsburgh Association of Valuation Engineers. We have previously considered this report and have declined to apply the trended cost factors developed therein. Our conclusion is the same in this instance.

It is also contended that the tentative valuation fails to include all of the excavation, back-filling, and piles incident to construction of the foundation of the train-shed and concourse at Jersey City. The additional excavation and back-filling sought would not be necessary under reproduction. The piling was computed from the plans by both the carrier and the bureau. The quantities have been checked and no errors have been disclosed.

We have found that 71,269 pounds of structural steel were omitted from the inventory of the post-office building at Jersey City. This item will be corrected.

The carrier presented analyses of the original cost of certain buildings, which disclose costs in excess of our estimates stated in the tentative valuation. Some of these analyses have been checked by the bureau. But they are not in sufficient detail to enable us to determine whether they are free from improper charges or include expenditures that may be unreliable for some reason as a guide in reproduction.

These buildings were constructed under numerous contracts, only three of which were introduced by the carrier. It is not clear, except in the case of one building, that the contracts were awarded as the result of competitive bids. Where information is given as to the form of payment, it was either at unit prices, at a lump sum, or at cost plus a percentage thereof for the contractor's profit. Practically all of the buildings were constructed under two or more forms of contracts, and in all but one instance either the entire structure or some portion thereof was constructed on a cost-plus basis. The contention that the original cost should be applied can not be approved. Actual costs of work often are of much aid in determining proper reproduction costs, but they are not conclusive. Data of similar work on other carriers in the same district should be considered. This we have done, and unit prices as of the 5-year period ended on June 30, 1914, have been applied to the material of each structure as inventoried, due consideration being given to any local conditions which

might effect the cost. The recommendations of the bureau are approved and the protest is overruled.

The Central of New Jersey leases private property at Maurer, N. J., consisting of the first floor of a building, which is used for common-carrier purposes. This property has not been included in the tentative valuation. The carrier contends that 50 per cent of \$9,170, its estimated cost of reproduction of this building, should be inventoried to it. For reasons stated in *Texas Midland Railroad, supra*, page 21, this building was properly omitted from the inventory.

*Furniture in various accounts.*—In the preparation of the tentative valuations, 10 per cent of the estimated cost of reproduction new of furniture was added for the cost of transportation and installation. The service condition was reported at 75 per cent. The bureau has recomputed the cost of transportation and installation and recommends its diminution to 5 per cent of the cost of reproduction new. A revision of the statement of depreciation to a basis of 50 per cent service condition is also recommended. The recommendations are approved and the tentative valuations will be changed accordingly.

*Water stations.*—We have applied prices of \$8 and \$9 per horsepower for stationary boilers in water stations at Green Brook and Dunellen, N. J. The carrier seeks increases in these prices to \$16.50 and \$18, respectively, offering in support cost data pertaining to several boilers installed at points on its line and on the Philadelphia & Reading.

Analysis of the carrier's cost data shows that the cost of the boilers and their installation, exclusive of stokers and blowers, ranges from \$14 to \$16.47 per horsepower. The boilers at Green Brook and Dunellen are not equipped with stokers. One is fitted with a blower, the cost of which is included as a separate item. The bureau recommends that increased prices of \$15.60 for the boiler at Green Brook and \$15.50 for the boiler at Dunellen be used. This recommendation is approved.

*Shops and engine houses.*—We have reported the sum of \$334,468 for the cost of reproduction new of two roundhouses and a building used for offices and quarters for enginemen at Communipaw, N. J., and a store and office building at Elizabethport, N. J. The bureau recommends that the amount be increased to \$364,902. The Central of New Jersey protests that the latter is insufficient in the amount of \$76,098, due to the use of inadequate unit prices. Its contentions are similar to those advanced in connection with stations and office buildings.

The two roundhouses were built in 1914 under a cost-plus contract. The other two buildings were built in 1916 and 1902, respectively. The original costs were trended by protestant to 1914 by

the application of the New York-Pittsburgh engineers' scale of prices. The recommendations of the bureau, except for the 100-foot roundhouse at Cummunipaw, are based on the application of unit prices to the inventoried material, in the manner already explained. The recommendation with respect to the Cummunipaw roundhouse is based on estimates per cubic foot developed in the pricing of the 90-foot roundhouse. These recommendations are approved. No other changes will be made for reasons stated on the subject of station and office buildings.

A unit price of 3.5 cents per pound was applied to the steel in a cinder ash pit at Elizabethport. The carrier asserts that it should be increased to 4 cents per pound, but offered no cost data in support of its contention. This item will remain unchanged.

*Wharves and docks.*—The Central of New Jersey contends that our estimates of the cost of reproduction of various structures at Jersey City are inadequate and should be increased by the following amounts, viz., passenger terminal substructure, \$116,199; four transfer bridges, \$19,033; float bridge No. 5, \$4,289; and auxiliary slip, \$2,039. Higher unit prices are sought by the carrier for piles, timber, concrete, hardware, and miscellaneous items.

Its contentions as to unit prices, except in connection with the transfer bridges, are based upon purported original costs in the years of 1912 to 1915, modified in some instances by estimates on timber installation based on cost studies made by the New York-Pittsburgh valuation engineers. The purported original costs were introduced in the record. They are in lump sums for component parts of the structures without any supporting data or details. We are unable to check them or determine whether they are free from improper or unreasonable charges. The contentions with respect to the transfer bridges are based on the purported cost in 1906 of similar bridges at the Central of New Jersey's Liberty Street terminal, New York City, adjusted to the 1914 level by means of price trends prepared by the above-named engineering association.

We have heretofore stated that original costs are not conclusive and have given our reasons for not applying trended costs. However, the bureau has carefully checked the prices used in the tentative valuation, those sought by the carrier, and prices in contracts and reports of other carriers for similar work in the vicinity. The results are recommendations of various increases aggregating \$54,136 in the cost of reproduction new and \$43,828 in the cost of reproduction less depreciation. These recommendations are approved.

We also find, upon review of cost data of other roads in the vicinity of this carrier, that the price of reinforced concrete in the structures should be increased from \$10 to \$13 per yard.

The evidence does not warrant any further changes in this account.

*Coal and ore wharves.*—The Central of New Jersey owns Pier No. 8, Jersey City, and has leased it to a private party, but uses it jointly with the lessee. We have classified this property as half carrier and half noncarrier. Protestant contends that the entire structure should be classified as common-carrier property, but no evidence was introduced in support of this contention.

The principles that govern us in classifying property as carrier or noncarrier have been explained in earlier cases. In line with these principles, we find that the property has been correctly classified.

*Telegraph and telephone lines.*—We have reported the cost of reproduction new of telegraph and telephone property of this system as \$198,255. The Central of New Jersey contends that this sum is inadequate and should be increased by \$25,731. The excess is due to difference in the methods used to determine the cost of freight and installation. The cost of installation is asserted to equal 25.6 per cent of the cost of the material. This estimate is based on the expense of installing a telephone train-dispatching system on its central division, where the labor element amounted to 25 per cent of the cost of the material. An addition of 0.6 per cent was made for freight.

The figures used in the tentative valuations represent average prices paid by all carriers in this general territory for similar material and the cost of installation. Prices derived in this manner are more indicative of what is appropriate in reproduction estimates than figures taken from a single job. The protest has not been sustained.

*Signals and interlockers.*—The material of this account was inventoried and priced in the usual manner, including freight from the point of manufacture and the cost of installing. The prices and weights were obtained from manufacturers and other sources. The expense of installation was determined from a study of the cost of installing approximately \$20,000,000 worth of similar equipment on more than 50 railroads.

It was found that cost of installation of mechanical interlockers ranges from 40 to 50 per cent, of power interlockers from 25 to 35 per cent, and of automatic signals from 30 to 45 per cent of the cost of the material. The variations are due to special circumstances. In the instant case we applied the following percentages of the cost of material for installation: 40 per cent for mechanical interlockers, 25 per cent for power interlockers, and 35 per cent for automatic signals.

Protestants contend that these percentages should be increased to 46, 35, and 38 per cent, respectively, which would result in an increase of \$121,169 in the estimated cost of reproduction new. They rely upon the cost data of an automatic signal system installed on 28 miles of their system in 1914. But these data, as furnished, are not separated between material and labor and are insufficient as evidenced to justify a change in the sum that we have reported.

*Power-distribution systems.*—The Central of New Jersey protests that we have omitted \$16,863 for certain items of electric distribution property that were inventoried but not included in the tentative valuation. A check of the field notes and engineering report indicates that items having an aggregate reproduction cost of \$10,405 were erroneously omitted. The remaining items already have been included in the cost of the lighting equipment of the buildings of which they are a part.

The omission will be corrected in the order herein.

*Roadway machines.*—The Central of New Jersey contends that our estimated cost of reproducing fixed machinery at Mauch Chunk and Siegfried, Pa., should be increased \$2,741. Its testimony in this respect is the same as that discussed under the heading Shop Machinery. No change will be made in the tentative valuation for the reasons stated in the latter connection.

It is also contended that our prices on a locomotive, 3 locomotive cranes, and 30 converted freight cars used at the creosoting plant at Port Reading, N. J., are inadequate and should be increased in the sum of \$11,704. We are said to have failed to report one locomotive crane purchased in 1913 at a cost of \$4,362. The carrier's prices for the locomotive and cranes are based on their original cost in the years 1911 to 1913, inclusive. Its price for the cars is derived from their original cost to the Philadelphia & Reading in 1899, depreciated to the date of their conversion for use at this plant, and then increased by the cost of rebuilding.

The bureau recommends upon review of the facts, that the cost of reproduction new of the locomotive and cranes, including the one inadvertently omitted, be increased \$6,570. This recommendation is approved.

We have no detailed information as to the original cost of the cars, the method used in estimating their value at the time of conversion, or the cost of rebuilding. The prices used in the tentative valuation were determined after an inspection of this equipment and in the light of the cost of similar equipment. We are not shown wherein they may be deficient. This phase of the protest has not been sustained.

*Shop machinery and small tools.*—We inventoried and priced separately each shop machine and its foundation. Small tools were listed and priced, and were then reported in groups. To the factory prices of both 20 per cent of the cost of machinery and 10 per cent of the cost of small tools has been added for freight and installation.

The Central of New Jersey protests that our report of the cost of reproduction new for this account is too low and should be increased \$118,498. Of this amount, \$36,957 is for fixed machinery, \$4,813 is for concrete foundations, and \$76,728 is for small tools. At the hearing the bureau recommended that the aggregate cost of reproduction new should be increased \$24,000. This sum includes increases of \$13,000 and \$42,519 in the factory cost of machinery and small tools, respectively, and \$4,800 in foundation prices, and of decreases of \$30,158 and \$6,161 in the estimated cost of installing machinery and tools, respectively.

The claim with respect to fixed machinery purchased during the period of 1910–1914 is based on original cost. As to machinery purchased prior to 1910, where the original cost is known, the claim is based thereon, but adjusted by applying a multiple to represent the price trend. The prices sought for machinery purchased prior to 1910, where the original costs are not known, are based on the cost of similar machinery acquired during the period of 1910–1914.

The carrier presented a statement of the original factory cost of certain machines. We have reviewed these and other costs reported in response to our valuation order, and find that, after increasing our prices in accordance with the bureau's recommendations, they will be in substantial agreement.

The data used by the carrier in determining its costs, including the trended material and labor prices, were obtained from manufacturers, Department of Labor statistics, and other sources. The usefulness of reproduction estimates developed in this way depends on the reliability of the basic costs used and the accuracy of the data taken to develop trend factors. Variations in price must be made on account of differences in weight and type of machinery and the amount of material, labor, or improvements included. The elements are not of equal weight, and the witness concedes that it is necessary to consider each machine in order to determine the appropriate cost of its reproduction new.

Approximately 80 per cent of the shop machines used by the carrier were purchased prior to 1910. Of this number, close to 40 per cent were purchased between 1864 and 1900 and 60 per cent between 1900 and 1910. During this long period marked improvements in design have taken place year by year to meet increasing requirements; new accessories have been added and refinements made; and



steel gears and other parts have been installed to care for the additional strain met by the use of high-speed steel, which came into vogue in the later years. The weight of many machines has been reduced by the substitution of lighter but stronger material. Many of the older machines are no longer manufactured. While these changes have been in progress, the general description of machines as to size and capacity for work has remained unchanged in the main. Hence it is impracticable to determine the cost of machines built in the earlier years by a comparison with the cost of those built in the later years.

The carrier's estimates of reproduction cost of machine foundations are derived from costs of foundations constructed at Elizabethport in 1912 and at Communipaw in 1914. The average cost of 68 foundations containing 260 cubic yards was \$14.82 per yard. The sizes range from a fraction of a cubic yard to 25 cubic yards. Some are of plain concrete and others are reinforced. The figures vary from \$6 per yard for plain concrete to \$16.17 per yard for reinforced concrete. They contain certain general expenses hereinafter referred to. The prices sought for foundations in New Jersey are \$14.75 and \$14 per cubic yard, respectively, for sizes between 1 and 10 cubic yards and 11 and 25 cubic yards, and for Pennsylvania \$12.25 and \$11.75 per cubic yard for foundations of comparable sizes. We have applied a price of \$7.50 per cubic yard for plain concrete. The cost of reinforced-concrete foundations is shown here by the data to be \$9 per yard greater than that of plain concrete. The tentative valuation will be changed to conform thereto.

The prices sought for small tools and miscellaneous items are based on cost records in the Central of New Jersey's store department and on estimates of incidental labor expense. But the evidence is not in sufficient detail to enable us to reach a definite conclusion as to the reasonableness of this contention. The prices applied are from our cost data compilations.

A considerable part of the amount in issue arises from difference in estimates of the cost of installing machinery. The carrier contends that we should apply 20 per cent of its claimed prices of machinery and tools for freight and 10 per cent for placing machinery and small tools. It offered its contract cost of equipment and tools, including necessary foundations, furnished and installed in the Communipaw engine house in 1912. The figures include 13.5 per cent of the cost of the material and labor for general items, and also 10 per cent for contractor's fees. The proportions representing material and labor are not separated in the cost data, but the carrier attempted to do so and it shows labor, general items, and contractor's fees equal to 21.5 per cent of the cost of the material. The method of allocation is not explained. The general items include, among other expense,

the cost of engineering and a considerable amount for the preparation of detailed cost data for the carrier and for us.

Engineering expense is included separately in the tentative valuation. The expense of preparing data is no part of the cost of reproduction. The contract data mentioned pertain to only about 1 per cent of the total cost of machinery and tools on this road. They can not, therefore, be considered conclusive of the general range of the cost of installing the machinery on the road as a whole.

The changes, both increases and decreases, in the estimates of cost of reproduction new of machinery and tools recommended by the bureau result from a recheck of the unit prices originally used and the consideration of additional cost data since gained. The prices for material and labor embrace data reported by the carriers and obtained from manufacturers, and represent a large volume of construction. In the application of prices to particular property, due consideration is given to the surrounding circumstances in each instance. We must, therefore, find that the carrier has not sustained its protest.

*Power-plant machinery.*—We have reported the sum of \$760,929 for the cost of reproduction new of power-plant machinery and machine foundations. The prices for machinery were determined in the manner described in connection with shop machinery, except that 35 per cent was included for freight and installation. Included also are various items aggregating \$32,510 for apparatus installed subsequent to the date of valuation. These will be eliminated.

The Central of New Jersey urges that the amount stated, exclusive of the items last referred to, should be increased by \$170,723, owing to the application of inadequate prices on stationary boilers and piping and for the installation thereof and also for placing concrete foundations at various places. Its contentions are based on its records of original cost, where such is known, and on the cost of similar items where the original cost is not known.

At Jersey City and Communipaw power plants were built under contract in 1913 and 1914. In response to our valuation orders, the Central of New Jersey reported the cost of these plants as \$127,509 and \$193,074, respectively, which sums include \$3,517 and \$3,550 for items priced elsewhere in our tentative valuation. The figure for the Jersey City plant also includes the purchase of certain equipment after 1914 at costs approximately \$6,000 in excess of the average 1910–1914 prices for the same equipment. In addition, the amount for the Jersey City plant includes \$12,818 and that for the Communipaw plant \$20,564 to cover general items of the same kind as those described in connection with shop machinery. Moreover, 10 per cent of the total cost, including general items, is included for contractors' fees. The labor costs are segregated from the material

costs in part only, but where shown separately they vary widely from the latter, depending upon the nature of the equipment.

The carrier also offered cost data pertaining to three plants on the Philadelphia & Reading, in which it is shown that labor and miscellaneous expenses range from 46.7 per cent to 58.1 per cent of the cost of material and freight. These data are not sufficiently detailed to enable us to know definitely what expenditures are included. An additional statement was submitted showing the original factory costs of much of the more important power-plant equipment.

The bureau has reviewed the prices applied on power-plant machinery and the installation and recommends that the cost of reproduction new of the Jersey City and Communipaw plants be increased \$8,000 and \$6,000, respectively, and that changes be made in connection with other plants aggregating a net increase of \$35,360 in the factory cost of machinery and a net decrease of \$32,853 in the cost of installation. The changes are based on an analysis of additional cost data from these and other carriers and from manufacturers of boilers and other power-plant equipment. The record amply demonstrates the impracticability of applying fixed percentages to the purchase price of these widely different classes of equipment to cover the cost of installation. The latter varies with the kind of machine and the difficulty of its placement. The cost of installing a heavy but low-priced machine frequently approximates its factory cost, while that of a light but high-priced machine may not exceed 5 per cent of its price.

The revised estimates of cost of reproduction of the various plants will equal or exceed the reported original cost thereof, where ascertained, after deductions are made for items priced elsewhere, for prices paid after 1914 in excess of those prevalent during our pricing period, and for general items. The prices recommended agree substantially with original prices reported by the carrier for purchases made during the pricing period. The recommendations, as herein modified, are therefore approved. What we have said with respect to reinforced-concrete machine foundations in connection with shop machinery is also applicable in this account. No further changes will be made.

*Locomotives.*—The amount of \$8,247,172 has been reported in the tentative valuations for the cost of reproduction new of locomotives. The Central of New Jersey contends for an increase of \$155,518, based on the pricing schedule developed by a subcommittee of the railroad presidents' conference committee. Evidence presented in *Great Northern Ry. Co.*, 133 I. C. C. 1, pertaining to this schedule was introduced in this proceeding, but no attempt was made to

demonstrate the application of the prices thus compiled to any particular locomotives on this system. But comparison was made of the cost of 40 locomotives purchased during the years 1910 to 1914, inclusive, with our estimated cost of reproduction and with the cost developed by the schedule referred to. The various figures are as follows: Original cost \$841,448, our estimated cost of reproduction new \$831,870, and the cost of reproduction developed by the schedule of prices, \$850,354. Our estimate is 1 per cent less than the original cost, while that of the subcommittee is 1 per cent above.

In *Great Northern Ry. Co., supra*, page 105, we fully considered this subcommittee's method of determining prices and stated our reasons for declining to accept it. We also explained the method employed by us. The latter method has been followed in this case, and the record does not justify any change in this account.

*Freight and passenger train cars.*—The tentative valuation includes the sums of \$24,203,199 and \$5,831,059 for the estimated cost of reproduction new of freight and passenger train cars respectively. Protestants contend for increases to \$25,363,669 and \$5,924,963. A difference of \$252,146 relates to wood freight cars and \$908,324 to steel and steel-underframe freight cars. With respect to passenger-train cars, \$66,275 relates to wood cars and \$27,629 to steel cars.

The wood cars were bought 10 to 50 years prior to 1918; the major portion were built prior to 1902. They have undergone much rebuilding and modernizing. The steel freight cars were all built since 1903, and the steel passenger cars were acquired during the period from 1908 to 1915, inclusive. These cars have undergone little or no change.

The carriers' estimates for wood cars are based on data prepared by the equipment committee of the presidents' conference committee in the manner set out in *Great Northern Ry. Co., supra*. Those for steel cars are derived from the original cost, although no evidence of the original cost was introduced.

The estimated costs reported in the tentative valuations were determined in the manner described and approved in previously decided cases. Protestants' evidence is inadequate to justify a change in this account.

*Floating equipment.*—We have reported the sum of \$5,693,847 as the estimated cost of reproduction of 182 units of floating equipment, consisting of steamships, ferry and tug boats, barges, lighters, car floats, and propellers. The Central of New Jersey contends for an increase to \$6,438,100. This equipment was acquired during the years from 1873 to 1916. Of these 182 units, 56 were acquired second-hand and were so priced by us. It is urged that these should be

priced as new, but this contention must be denied for reasons stated in the same connection in other accounts.

The prices paid by these roads about the years 1910 to 1914 are advanced as the best evidence of what would be appropriate costs of reproduction of units purchased during that time and of similar units acquired at other times. Units of the same size and type have been grouped and estimates made on the basis of the original cost of similar units or units of the same type, allowance being made for differences in size or details of construction. In other instances the original cost was adjusted to 1914 by price trends developed by these roads or others. In *New York, Philadelphia & Norfolk R. R. Co., supra.*, page 304, we rejected the method of determining prices by trends, fully explaining our reasons therefor. In the same report we also outlined the method followed by us in pricing floating equipment.

Equipment similar in type constructed in widely separated periods may show considerable variation in quality of material used, dimensions, capacity, size of engines, or gross tonnage, with corresponding variations in original cost. We are not informed how these differences have been reconciled in the Central of New Jersey's estimates.

The bureau recommends that our prices on certain units be increased in the aggregate \$58,150. The evidence justifies our approval of these changes.

The protest has not been substantiated, and no further changes will be made in this account.

*Work equipment.*—Our estimates aggregating \$637,478 for the cost of reproduction new of work equipment are asserted to be inadequate by \$191,368, of which amount \$155,966 is due to difference in methods of pricing cars taken from revenue service and converted into work equipment. Our prices represent the actual value of the cars at the time of conversion plus the cost of transformation, whereas the prices sought by the carriers are those that would be applicable to cars new when acquired. We have repeatedly approved our present practice in the pricing of secondhand equipment converted from revenue cars. It will be adhered to in this instance.

The remaining differences are due to claims for higher unit prices for special work equipment, such as cranes, derricks, cars, and floating equipment, purchased or built new by the carriers. The claims are said to be based upon original cost, but no details of such costs were introduced. No specific errors are pointed out to us, and no changes will therefore be made.

*General expenditures.*—We have estimated the cost of reproduction new of general expenditures, exclusive of interest during construction, at 1.5 per cent of the road accounts, except Land. The

carriers contend that the sum reported should be increased \$4,599,033. This excess comprises \$1,574,084 representing a claim for 2 per cent instead of 1.5 per cent of road accounts, including Land, and \$2,082,114 and \$942,835 representing their witness' estimates of taxes on land and structures, respectively, that would have to be paid during the construction periods fixed in the tentative valuations.

In support of their contention for a higher percentage of the road accounts, protestants rely upon a study of these expenses made by a subcommittee of the presidents' conference committee and the testimony in connection therewith introduced in Valuation Docket 152, *Chicago, Rock Island & Pacific Ry. Co.*, which have been incorporated into this record. We have analyzed this evidence at length in several earlier cases, reaching conclusions as to its effect on roads of various sizes and types of construction in different parts of the country. In the light of those conclusions, we are not persuaded that our provision for the usual general expense is inadequate for this system.

It is contended that uncompleted structures in New Jersey are assessed at  $33\frac{1}{3}$  per cent to 50 per cent of the outlay as of the date of assessment. Protestants' estimate of taxes on structures is on the basis of  $33\frac{1}{3}$  per cent of estimated expenditures at various assessment dates during construction. The record affords no ground for finding that our provision for general expenditures is inadequate to include the taxes in question.

Land is valued under different principles from those employed in determining the cost of reproduction of improvements, and nothing is included for taxes on it. No change will be made in these items in the tentative valuations.

*Interest during construction.*—Our provision for interest during construction has been determined in the manner outlined in *Texas Midland Railroad, supra*, page 155. The estimated construction periods of the different properties range from six months on certain valuation sections to three years on others. The carriers protest that the amounts shown in the tentative valuations, including the increases due to changes recommended in various accounts, are insufficient and should be increased \$31,579,268. The excess grows out of a claim for interest on land, that 7 per cent of the amounts for roadway, equipment, and land should be included for the expense of obtaining money, that our estimated interest periods during construction are inadequate, and that under New Jersey law it is necessary for a railroad to have on deposit in the State treasury throughout the construction period a sum equal to \$2,000 per mile of road in progress. In this case the latter amount is stated as \$896,000,

on which interest at 6 per cent and discount at 7 per cent would amount to \$89,100 and \$67,442, respectively.

The contentions with respect to interest on land and the cost of obtaining money are similar to those advanced in earlier cases, which we have carefully considered and rejected. The assertion that the interest period should be not less than 2.5 years is based merely on the opinion of protestants' witness. No data on these matters were submitted, and the record is devoid of any evidentiary facts supporting the contentions.

A different question is raised with respect to deposits with the State. The law of New Jersey provides that before an application for a certificate of incorporation of a new railroad may be filed with the State, or a survey of the route of any extension of an existing railroad, an affidavit must be filed showing that at least \$2,000 of stock for each mile or fraction thereof has been subscribed and paid in cash to the directors of the company. This money must be deposited with the secretary of the State and held by him subject to repayment to the company in installments of \$2,000 per mile of road constructed upon proof that such amount has been expended.

No evidence was presented that any expense was actually incurred by the carrier under this statute at the time of construction. The contention is based on a hypothetical estimate of the expense of securing a certificate of incorporation, which would be incurred if the corporation as well as its property were wiped out of existence and reproduced on valuation date. Similar contentions were rejected in *Toledo, St. Louis & Western R. R. Co.*, 141 I. C. C. 287, and the same rule must be applied in the instant case.

#### COST OF REPRODUCTION LESS DEPRECIATION

We have here followed the same methods in determining and reporting accrued depreciation that have been employed in all earlier valuation proceedings. The objections raised by protestants are substantially similar to those that have been made by other carriers in the past and have not been sustained, for reasons fully set out. The same conclusion must be reached here.

Complaint is made that we have reported the same service condition for different locomotives, notwithstanding that the service mileage of some since the last general repairs prior to valuation date had greatly exceeded the mileage made by others. But the service condition of locomotives was determined upon a field inspection and the facts reported represent the weighted-average condition of groups of locomotives and not of individual units. The condition of each locomotive has had its influence in producing the results stated for the group.

It is further contended that considerable equipment has continued in service after the end of the term of service assumed by us. As we have heretofore said in other cases, the life of equipment can be prolonged almost indefinitely by repairs and renewal of parts. The record is deficient as to the extent that such work is carried out on this system. Again, our service lives are based on averages. Some equipment continues in service for less than the average period while other units last longer.

The result of certain increases recommended by the bureau has not been carried into the report of cost of reproduction less depreciation in exactly the same proportion, due to disposition of fractions. It is urged that some adjustment should be made to increase this proportion. The difference is not relatively large in amount and it would be unnecessary mathematical refinement to carry service condition percentages to fractions in the numerous instances in question. We have followed our usual practice in this respect.

No further changes in this part of the tentative valuations are justifiable on the record.

#### RIGHTS IN PUBLIC DOMAIN

*New York City.*—The Central of New Jersey leases directly or indirectly from the city of New York, for terms ranging from 1 to 10 years, various waterfront properties comprising bulkhead walls, piers, sheds, and other structures, together with the right of use of the land occupied by the structures and of the water in front of the bulkheads and piers. It maintains the properties and pays an annual rent for their use. Certain of these structures and subsequent additions and improvements were erected by the Central of New Jersey under leases which specifically provide that all structures shall revert to the city at the end of the term. The Central of New Jersey subleases some of the property for noncarrier purposes. The remainder comprises its New York freight and passenger terminals.

The tentative valuation includes estimates of reproduction costs of the structures that had been erected by the Central of New Jersey during the terms of the leases in effect on valuation date, also the value of certain bulkhead rights possessed by it, but omits detailed estimates for the structures on the land at the beginning of the leases and those built by it which had reverted to the city under prior leases. The use of the lands occupied by the structures is shown as rights in public domain to which no monetary value has been assigned.

The bureau has recommended certain increases in the estimated cost of reproduction new of the common-carrier structures and in the reported value of noncarrier structures. The Central of New Jersey



contends that all of this leased property should be inventoried to it as used for carrier purposes or not, as the facts appear. It adduced considerable testimony with respect to the cost of reproduction new of the carrier structures and the value of lands and noncarrier structures.

The lands supporting these improvements are either in public streets or in navigable rivers. We have heretofore held that lands under navigable waters and in streets, leased from governmental authorities should be classified as rights in public domain and valued at cost.

The pier structures on the land at the time of leasing and the improvements erected subsequently by the carrier follow the land and are subject to the same ruling. Their reproduction costs will therefore be eliminated. The cost to the carrier represents part consideration for the use of public domain and should be amortized over the terms of the leases. Only that part assignable to the unexpired terms of the leases will therefore be reported as the cost of rights in public domain. *San Pedro, Los Angeles & Salt Lake R. R. Co.*, 75 I. C. C. 501, 637; *Atchison, Topeka & Santa Fe Ry. Co.*, *supra* pages 10-11. See also *Duffy v. Central R. Co.*, 268 U. S. 55. 64.

With respect to the rent paid for the use of this property, there are two ways in which this can be handled, viz.: (1) By its capitalization and (2) by its inclusion in net railway operating income. Both will produce the same result, but the second method is by far the simpler and more direct. The carrier has no actual investment in the property to represent the amount that would result by capitalization of the rent at the fair rate of return authorized by the act. But the inclusion of the rent in net railway operating income exerts identical effect in the maintenance of adequate rates to enable the carrier to pay the same. We conclude, therefore, that no capitalization of this annual rent should be shown in the valuation, but that the amount paid should be included in net railway operating income as far as the common-carrier property is concerned.

The records of the carrier, as verified by our accountants, show expenditures by the Central of New Jersey, exclusive of \$188,731 expended for building the bulkhead at Liberty Street, which is not subject to the amortization principle, aggregating \$3,895,840.18 in connection with these properties. Of this amount, \$1,651,254.80 is assignable to the periods prior to current leases and \$335,739.44 should have been amortized by the date of valuation. The remainder, \$1,708,845.94, is assignable to the unexpired periods of the leases. Neither the expenditures for improvements nor the rentals are separable on the record as between the parts of property used for carrier and noncarrier purposes. The outlays for improvements

have therefore been segregated on the basis of use for the two purposes. We find that the cost of rights in public domain devoted to common-carrier use is \$196,903.43 and that devoted to noncarrier use is \$1,511,942.51. The noncarrier portion is neither owned nor used by the carrier for any purposes and will not be valued. The tentative valuation will be modified by increasing the value found for rights in public domain, owned and used, including the bulkhead at Liberty Street, to \$387,634.43.

The tentative valuation of the New York and Long Branch shows \$738.50 as the original cost and appraised value of rights in public domain. This amount is duplicated in the reported value of lands owned and used. The error will be corrected in the tentative valuation by eliminating the amount under the former designation and by a corresponding change in the statement of original cost. The stated cost of this land is not supported by accounting records and will be so reported.

#### LANDS

We have reported \$33,648,226 as the value of lands owned or used by this system for common carrier purposes on valuation date. Protestants contend that this sum is inadequate and that \$7,761,280 should be added for omissions, \$153,904 for omission and undervaluation of special rights, \$4,145,524 for lands classified as noncarrier, and \$875,634 for certain higher values sought. These items will be considered in this order.

*Omissions.*—The amount of \$7,621,187 claimed for lands leased from the city of New York is the major item omitted. Its exclusion is approved for reasons already stated in connection with the subject of rights in public domain.

Three areas in valuation section 1a, in New Jersey, were excluded because of conflicting claims of ownership and lack of proof that it was in the Central of New Jersey. Parcel 7, map 2—A, is used for common carrier purposes and portions of parcels Nos. 37 and 38 are noncarrier. The present value of the former is \$34,000 and of the latter two \$5,099.17. The carrier acquired parcel No. 7 in 1863 and parcels Nos. 37 and 38 in 1909 by deeds conveying a fee simple title, copies of which are in the record. Subsequently, the Communipaw Central Land Company acquired an adjoining tract from a third party for the joint interest of the carrier and the United Real Estate Company. The deed conveying the latter tract also includes parcels Nos. 7, 37, and 38. The Central of New Jersey asserts that the latter document is incorrect in so far as it includes the above three parcels. It appears upon this record that the carrier owns the three parcels, and their value will be included in the tentative valuation.

A parcel of land 980 by 32 feet lying within the Central of New Jersey's Jersey Avenue freight yards at Jersey City embraced in zone 10 was excluded as being part of a public street. The value is said to be \$10,950. The record shows that the carrier owns, maintains, and uses it as an entrance and private driveway, paying taxes thereon. The city makes no claim of ownership and official city maps show the title as being in the carrier. The tentative valuation will be modified to include this parcel. But since in the appraisal of the zone, New Jersey Avenue was considered a public street furnishing access to the remainder of this area, it follows that the value of the whole should remain unchanged.

An area embracing 0.63 acre, being part of parcel No. 10, map 2-A, in Jersey City, valuation section 1a, was also excluded by us because of conflicting claims of ownership. The value is asserted to be \$6,300. This land was acquired by the Central of New Jersey in 1863 as a part of a large tract. In 1887 it sold a part of the tract to the Easton and Amboy Railroad Company. The deed of conveyance gives one boundary as the original high water mark on the west side of Communipaw Bay or Cove. The carrier introduced an exhibit purporting to show the original high water mark, but we are unable to identify its location or ascertain whether any portion of this area is included in the land sold. Therefore, its exclusion is approved.

A right of way 40 feet wide occupied by the Central of New Jersey in the middle of Broadway, Elizabeth, N. J., was classified in the tentative valuation as a right in public domain. The carrier contends that the property should be inventoried as owned and used, with a present value of \$55,580. In 1836 the proprietors of the Elizabeth Town Point Lands and Ferry, who were then promoting what was called "The New Manufacturing Town of Elizabethport" and a commercial ferry from that point to New York City, conveyed the right of way to the Elizabethtown and Somerville Railroad, a predecessor of the carrier, in consideration of the completion of the railroad to Somerville within two years and an engagement on the part of the railroad to keep out of the ferry business in competition with the grantors. This grant, as well as other conveyances of property, was made by reference to a plat made in 1835 delineating lots and streets in the new subdivision. In the center of the street marked "Broadway" the plat shows four longitudinal lines marked "Railroad to Somerville." The plat, taken in conjunction with the conveyances made by reference to it, undoubtedly constituted a public dedication of the streets delineated thereon. But in the case of Broadway, this dedication was subject to the reservation of a railroad right of way in the center of

the street. *Lynchburg Traction & Light Co. v. Lynchburg*, 142 Va. 255, 128 S. C. 606, 43 A. L. R. 752; *Noblesville v. Lake Erie & W. R. Co.*, 130 Ind. 1, 29 N. E. 484; *Ayres v. Pennsylvania R. Co.*, 48 N. J. L. 44, 57 Am. Rep. 538, 3, Atl. 885, later appeal in 50 N. J. L. 660, 14. Atl. 901; *Ayres v. Pennsylvania R. Co.*, 52 N. J. L. 405, 20 Atl. 54; *State, Tallon, Prosecutor v. Hoboken*, 59 N. J. L. 383, 36 Atl. 693, 60 N. J. L. 212, 37 Atl. 895. The company acquired the right of exclusive possession of the center strip so long as it was devoted to railroad use, and the dedication to the public of this part of the street will not become operative until the abandonment of such use. *Ayres v. Pennsylvania R. Co.*, 52 N. J. L. 405, 20 Atl. 54. The property can not properly be classified as a right in public domain. It was not acquired from a governmental body and its inclusion in the inventory would cause no violation of the rule against taxing the public by virtue of and in proportion to the assistance extended to the transportation enterprise by public authorities. In valuing railroad rights of way there is no distinction between those held in fee and those held by mere right of use, but all operative lands should be treated as owned in fee. *Texas Midland Railroad, supra*, page 174. We find that the protest should be sustained and the land in question should be classified as owned and used for common-carrier purposes with a value of \$54,780.

Numerous parcels occupied by industry tracks have been omitted from our land report because of uncertainty as to ownership. The carrier contends that regardless of the title lands of the value of \$27,011.49 should be included by us because all of the tracks thereon are used for common-carrier purposes.

The instruments by which title is claimed were introduced in the record. They show that the Central of New Jersey has indefeasible title to the following parcels:

Valuation section	Map	Zone No	Parcel	Valuation section	Map	Zone No.	Parcel
1d.....	3a	29	29	1t.....	70	19	2
1d.....	4a	34	Part of 1	1t.....	70	19	4
1d.....	5d	56	10	3.....	2	2	19
1t.....	26	37	2	1b.....	37	2	48
1t.....	69	19	8	1g.....	9	41	5
1t.....	70	19	1	9a.....	37	45	8

These parcels will be included in the tentative valuation.

The documents covering the other parcels in issue contain provisions that the title in the carrier may be terminated by the grantor. In previous cases we have found that such lands should not be inventoried to the carrier. Their exclusion here is approved.

The Nesquehoning Valley Railroad protests the omission of a narrow parcel of land on each side of its right of way in zone No. 1, embracing 1.04 acres. It contends that the land is owned but not

used by it for common-carrier purposes, being used by the Lehigh and New England Railroad Company, and that its present value is \$42. Deeds were submitted showing that the title is in the carrier. The tentative valuation will be corrected to include this land as owned but not used.

*Railroad crossings.*—In six instances tracks of the Central of New Jersey and in one instance a track of the New York and Long Branch are crossed by overhead bridges used by other carriers. Protestants assert that they participated in the construction of the bridges, the Central of New Jersey having expended \$135,765 and the New York and Long Branch \$5,140.35 for that purpose. It is urged that the respective amounts be included as rights in private lands.

These protestants are the junior carriers. The structures have been inventoried wholly to the carrier whose roadway they form a part, in the absence of any definite contrary agreement between the roads concerned. In such cases the land crossed is also inventoried to the senior carrier if it is the owner. Whenever a junior carrier has expended money to secure the right to cross the right of way of another carrier, it is reported as an amount paid under the heading of rights in private lands and also in our statement of the original cost of lands. Aside from certain adjustments already discussed in connection with the original cost of land, no other changes in the tentative valuation are necessary.

*Streets, alleys, and highways.*—The tracks of the Central of New Jersey at three locations, two in Bayonne, N. J., and one in Elizabeth, N. J., lie longitudinally in public streets by virtue of permissive ordinances of the municipalities. The carrier seeks the inclusion in the tentative valuation of \$11,437 for the right of occupancy. The rule that we have followed in the *Texas Midland* and subsequent cases is that, if the carrier paid anything for the franchise, the outlay is included, but nothing is reported when the grant has been obtained without cost to the carrier.

In this case the carrier did not pay anything for the acquisition of the rights of occupancy. But at Elizabeth an ordinance of 1859 was superseded by one of April 3, 1917, for a term of 10 years, by which the Central of New Jersey is required to pay \$300 per annum for the use of the street. This amount the carrier seeks to capitalize. Under our accounting rules this expense is a charge against miscellaneous income in the nature of a rent for the privilege of using the public street. No change will be made with respect to these items.

*Noncarrier rights in Pier No. 9, New York, N. Y.*—The Central of New Jersey contends that we should include \$1,123,225.96 as the cost to it of securing the right to use the noncarrier portion of this pier.

The principles governing our reporting of all pier properties used by this carrier in the city of New York are discussed in connection with the subject of rights in public domain.

*Land values.*—We have followed our usual method of appraising common-carrier lands on the basis of the value of adjacent and adjoining lands as determined by field investigations of our land appraisers. Protestants have submitted evidence to support their contentions for higher unit values for certain zones. The evidence is reviewed briefly below.

*Zone 23NC, Bayonne.*—Zones 23 and 23NC were appraised at \$6,000 per acre. Subsequently the unit value for zone 23 was increased to \$7,500 per acre, but no increase was made for zone 23NC. Our records show that these are adjoining zones, the land is similar, and the same data were considered in determining the value of each. We find that the value of zone 23NC should be increased to \$7,500 per acre.

*Zone 25, Bayonne.*—The Central of New Jersey contends that the unit value of the 4.03 acres embraced in this zone is \$20,000 per acre, instead of \$13,000 as reported by us. This area lies in an intensive oil industrial section. The carrier's witness testified that the oil companies are constantly seeking to extend their holdings and will purchase all land offered for sale in this vicinity, regardless of size, shape, or access. A tract of land containing 18 acres, adjoining both sides of this zone near its center, was sold shortly after the date of valuation for \$27,000 per acre. The unit value will be increased to the amount claimed.

*Zone 2, Elizabeth.*—This zone is situated wholly within the city of Elizabeth and adjoins highly developed industrial property. A portion of it is occupied by the Central of New Jersey's shops and the remainder is used for station grounds. Numerous parcels of similar land on the Trumbull Street side sold, near valuation date, at prices ranging from \$12,000 to \$42,500 per acre. The opposite side and both ends of the zone adjoin other zones, the major portion of which were appraised at \$3,800 per acre. The Central of New Jersey contends that the value of zone 2 is \$5,000 per acre. The record sustains the contention.

*Zone 16, Elizabeth.*—This zone was appraised as interior land, without access, at 10 cents per square foot. The carrier contends for 15 cents. A map was introduced by the Central of New Jersey showing that about 130 feet of the eastern end fronts on a public lane which is maintained by the city. Two parcels of adjoining land lying near the center of the zone and fronting on this lane, sold in 1919 at 24 cents per square foot. The unit value for this zone will be increased to 15 cents per square foot.

*Zone 22, Elizabeth.*—This zone is comprised of three parcels. It is crossed by North Broad Street, at the intersection of Morris Avenue and Julien Place. At this point the streets are depressed to provide a clearance for overhead railroad crossings. One parcel fronts on the east side of North Broad Street and lies along East Broad Street. Another fronts on the intersection of Broad Street and Morris Avenue and extends along Julien Place. The third is a small triangular tract lying in the intersection of the street and is used as a support for the overhead crossing abutments. The Central of New Jersey contends that the unit value of \$3 per square foot assigned to this zone should be increased to \$6. Its appraisal is made up of \$4 for the parcel on the east side of Broad Street and of \$9.47 for the parcel fronting on Broad Street and Morris Avenue, and is based on numerous sales of land in the vicinity between 1915 and 1921, adjusted to valuation date by deductions for the estimated increase in values between 1918 and 1921, and the application of a rule for adjusting odd-sized parcels to lots of 100 feet in depth. We have reviewed the sales made in the immediate vicinity about valuation date and find that they support a value of \$4.45 per square foot.

*Zone 22B-NC, Elizabeth.*—The value of \$22,895, reported for this zone, embraces 2,965 square feet of land, and two four-story brick store and office buildings. Our records show the buildings were appraised at \$14,000 and the land at \$3 per square foot. The Central of New Jersey contends that the unit value of the land was \$4. This property adjoins zone 22, and the data used in connection with the portion of that zone which lies on the east side of Broad Street are also applicable to this zone. The present value of the land and structures will be increased to \$25,860.

*Zone 10, Roselle Park.*—We have appraised this zone at 15 cents per square foot. It lies on the opposite side of a paved street from the retail district of the town. The Central of New Jersey contends that the unit value should be increased to 25 cents, citing numerous sales of similar land in the immediate vicinity, during the years of 1917 and 1918, which support the value sought. Our unit value will be increased to 25 cents per square foot.

*Zone 26, Cranford.*—This zone also lies on the opposite side of a paved street from the retail district of the town. The prices paid for numerous sales of similar land in the vicinity at about the date of valuation indicate that the unit values should be increased from 35 cents to 55 cents per square foot.

*Zone 27, Cranford.*—The Central of New Jersey contends that the unit value of 75 cents per square foot assigned to this zone should be increased to \$1. The zone is crossed by two streets at their junction

with a third street, dividing the area into two parcels, each of which occupies a corner. The adjacent property is used for commercial purposes. Several parcels of similar land in the immediate vicinity were sold during the years 1916 to 1918 for prices in excess of that contended for. The unit values of this zone will be increased to \$1 per square foot.

*Zone 39, Westfield.*—The location of this zone is similar to that described in zone 10, Roselle Park. It was appraised at 60 cents per square foot. The Central of New Jersey contends the unit value was \$1.17 and cited the sale of several parcels of land which are similar to zone 39, except as to areas. It attempted to reconcile the difference in size by the application of the rule already referred to. We have reviewed the sales without the use of such adjustments and conclude that the unit value of this zone is 80 cents per square foot.

*Zone 6, between Boundbrook and Somerville.*—The area and unit value of this zone were reported as 58.70 acres and \$250 per acre, respectively. The Central of New Jersey has divided this zone into four parcels of 15.77, 2.06, 7.88, and 32.99 acres, and contends that unit values of \$750, \$500, \$1,000, and \$200 per acre, respectively, should be applied thereto. The adjoining areas comprise industrial, residential, and farm lands, several parcels of which were sold between the year of 1915 and valuation date at unit prices ranging from \$200 to \$2,200 per acre. We find that the value of the land in this zone should be increased to \$465 per acre.

*Zone 2, Jersey City.*—We have reported the area and unit value of this zone to be 4.52 acres and \$8,000 per acre, respectively. The Central of New Jersey has divided the zone into two areas, one of which embraces 1.21 acres and is described as rear, interior land, having no street frontage. No protest was made against the unit value applied to this parcel. The land adjoining the remaining 3.31 acres is used for industrial purposes, except a small portion on the north side which is occupied by cheap dwelling houses. To make its areas comparable with adjacent property fronting on streets, the carrier has projected three streets which end at the zone lines and has deducted the street areas from the total area of the zone. It then applies prices ranging from 37.5 cents to 75 cents per square foot, which were paid for land in the vicinity, and by averaging the two areas arrives at a value of \$17,700 per acre. We have carefully reviewed the additional data submitted and by applying the prices paid for similar adjoining land we find the unit value of this zone to be \$11,000 per acre.

*Zone 5, Jersey City.*—We have reported the area and unit value of this zone to be 506,442 square feet and 25 cents, respectively. The



major part of this area lies between zones 6 and 7 and the Morris Canal. It has no street access except for approximately 300 feet on the eastern end. The Central of New Jersey contends that the northern end, which comprises about one-fifth of the area, and adjoins properties used for industrial purposes, should be appraised at 40 cents per square foot, resulting in an average unit value of 37 cents for the zone. It submitted data showing the sale of three parcels at prices ranging from 42 to 69 cents per square foot. The record shows that the remaining areas adjoin lands occupied by cheap dwelling houses, where small parcels having street access have been sold at prices of 20 and 30 cents per square foot.

The evidence does not warrant an increase in this zone.

*Zone 10, Jersey City.*—This zone lies in an industrial district on the western side of Morris Canal, opposite zone 5. It is crossed by Garfield Street. It was appraised at 24 cents per square foot, and the Central of New Jersey asserts the unit value is 35 cents. The only evidence offered in addition to that considered by our appraisers consists of a sale of one parcel of land in 1919 for 79 cents per square foot. This parcel is located so far distant from the zone in question that its sale price does not constitute evidence of the value of carrier's property. Moreover, the land is not similar. No change will be made.

*Zone 26, Jersey City.*—The Central of New Jersey contends that we should have appraised this zone at 30 cents per square foot, instead of 15 cents. Data were submitted showing the sale of numerous parcels of land in the immediate vicinity, between 1914 and the date of valuation, at prices ranging from 30 to 45 cents per square foot. The unit value will be increased to 30 cents.

*Zone 27, Jersey City.*—The land in this zone is similar to that in zone 26, except that it has full street access. It was tentatively appraised at 32 cents per square foot and at 45 cents by the Central of New Jersey. The record shows that a parcel of land on the opposite side of the street was sold near date of valuation for 30 cents per square foot. No change will be made.

*Zone 26NC-A, Jersey City.*—The value we have reported for this zone includes a coal trestle. The Central of New Jersey contends that the value assigned to the land is inadequate. The land and structure were tentatively appraised as a single unit, and the record does not disclose separate values. No change will be made in the amount reported.

*Zones 30 and 31, Jersey City.*—Unit values of 25 cents per square foot and \$6,000 per acre were reported for zones 30 and 31, respectively. The Central of New Jersey contends these values should be increased to 60 cents and \$13,000. Zone 30 is crossed by a street

dividing it into two parcels, affording each parcel with street access. Zone 31 is interior land, but has access to a street which ends at the zone lines. Numerous sales of land were made in the immediate vicinity between 1916 and 1920 at prices ranging from 25 cents to \$1.10 per square foot, but it appears that neither the minimum nor maximum prices paid are representative of the value of land in this vicinity. After a careful analysis of all of the data before us we conclude the unit value for zone 30 should be increased to 50 cents per square foot and for zone 31 to \$10,000 per acre.

*Zone 40, Newark.*—The Central of New Jersey contends that the unit value of \$1,500 per acre reported for this zone should be increased to \$2,500, based on the similarity of lands in adjoining zones which were appraised at higher unit values. Our records show that the land in this zone is adjoined by low, marsh lands. The evidence is not sufficient to warrant a change in the values reported.

*Zone 71, Newark.*—We have reported the unit value of this zone to be 64 cents per square foot. The Central of New Jersey contends that this figure should be increased to 90 cents, and submitted data relating to several recent sales of similar land. These data support the contention, and the unit value will be increased to 90 cents.

*Zone 75, Newark.*—This zone was tentatively appraised at \$1 per square foot. The Central of New Jersey contends for \$1.75. The adjacent land is used mainly for industrial purposes, with a few scattered parcels occupied by cheap dwelling houses. The zone extends 272 feet along a paved street. Various sales of land were made in the vicinity at prices ranging from \$1.16 to \$1.75 per square foot. From an examination of these sales we conclude the unit value should be increased to \$1.50.

*Zone 12, Elizabeth.*—Evidence was offered by the Central of New Jersey concerning the sale of numerous parcels of similar land in the vicinity of its property, which indicates that the unit price of 80 cents per square foot should be increased to \$1.20.

*Zone 3, Linden.*—The area and unit value reported for this zone are 7.65 acres and \$2,000 per acre, respectively. The Central of New Jersey contends the unit value should be increased to \$4,000 per acre. This zone embraces a tract 6,586 feet long by 50 feet wide, running through a salt meadow. It parallels the shore line of Staten Island Sound at a distance of 600 to 1,200 feet. The shore line is built up with industries, while the meadows on the west side of the carrier's property are vacant. The tentative appraisal was based in part on a notation in the field notes to the effect that this zone is similar to zone 1, which was appraised at \$2,000 per acre. The carrier contends that the latter zone is not similar to zone 3. It cited the sale of two parcels adjoining zone 3. One parcel, which

lies on the east side of the zone and embraces 3.97 acres, sold in 1916 for \$5,800 per acre. The other, lying on the west side of the zone, and embracing 8.123 acres, sold in 1914 for \$3,000 per acre. The unit values for this zone will be increased to \$4,000 per acre.

*Zone 6, Keyport.*—The Central of New Jersey contends that the unit price of 6.5 cents per square foot assigned to this zone should be increased to 12 cents, based on numerous sales of land in the immediate vicinity during the years of 1917 to 1922, at prices ranging from 6.5 to 17.5 cents per square foot. After reviewing all the data before us, we find the value of this zone to be 10 cents per square foot.

*Zone 53, Atlantic Highlands.*—This zone, which embraces 72,000 square feet, was appraised at 1 cent per square foot. The Central of New Jersey contends the value should be increased to 3.5 cents. The zone is adjoined on the north by low, swampy meadow lands, and on the south by lands used for industrial purposes. Numerous parcels of land on the south side were sold near valuation date for prices approximating 5 cents per square foot, but no sales of land have been made on the north side. Two streets end at the zone line on the south side. The carrier's contentions are based on the projection of these streets, the elimination of street areas within the zone, and the application of unit values, developed by sales on the south side, to the street frontages created. The carrier's contentions are sustained.

*Zone 51, Seabright.*—The Central of New Jersey contends that the unit value of this zone is 14 cents per square foot instead of 10 cents, as reported by us. The portion of the zone between Church Street and Peninsula Avenue adjoins lands used for retail store and hotel purposes, the remainder of the zone adjoins lands used as sites for summer cottages. The former area was appraised at 35 cents per square foot, which value is not protested. The latter area was appraised at 5 cents per square foot and the carrier contends that it should be increased to 10 cents per square foot, based on the sale of one parcel of land, which, however, is of too small an area to be representative of the value of the carrier's areas.

*Zone 57, Long Branch.*—The Central of New Jersey contends that this zone is similar to zone 59, Long Branch, and the value should be increased from \$2,000 to \$6,400 per acre. The record does not disclose any data in addition to that considered in determining the value reported. No change will be made.

*Zone 59, Long Branch.*—A unit value of \$3,500 per acre was assigned to this area. The Central of New Jersey contends it should be increased to \$7,000 per acre, based on the prices ranging from 10 to 23 cents per square foot, or from \$4,350 to \$10,000 per acre paid for similar lands sold in the vicinity during the years 1912-1921. The unit value will be increased to \$7,000 per acre.

*Zone 62, Long Branch.*—This zone was appraised as interior land at a unit value of \$900 per acre. The Central of New Jersey contends the unit value should be increased to \$2,756, based on the fact that access to 0.92 acre is had by an 8-foot walkway, which is fenced off one side of the right of way, and on the sale of a small parcel fronting on the walkway at 10 cents per square foot or \$4,350 per acre, and of another parcel which adjoins the zone at 8.5 cents, or \$3,700 per acre. The former parcel is too small to be representative of the value of the zone, and the latter is not similar, in that it has access to two streets. The carrier's land, which has no access, adjoins a similar parcel that sold for \$4,350 per acre. Considering all of the sales and their location, we conclude that the value of this zone is \$1,400 per acre.

*Zones 63 and 63NC, Long Branch.*—The unit value reported for these zones is 10 cents per square foot. The Central of New Jersey contends this value should be increased to 39 cents, and submitted evidence of sales of various parcels of similar land in the immediate vicinity at prices ranging from 45.5 to 98 cents per square foot. The unit value for these zones will be increased to 30 cents.

*Zone 65, Long Branch.*—The Central of New Jersey asserts that the unit value of its areas in this zone is \$3,000 per acre, instead of \$1,000, reported by us. Its contention is based on the sale of two parcels of adjoining land. The unit value of one parcel was determined on the basis that it embraced 6,000 square feet. Our records show its area to be one-half acre. The other parcel, comprising approximately one acre, sold for \$2,400 per acre. The unit value for this zone will be increased to \$2,400 per acre.

*Zone 13, Red Bank.*—This zone embraces 14.66 acres, tentatively appraised at \$1,100 per acre. The Central of New Jersey contends for \$2,900 per acre. The area is interior land, to which access is had through seven streets, which end at the zone lines. The predominant use of the adjoining land is industrial. The carrier's appraisal is based on the projection of five streets, the deduction of the projected street areas, and the application of values of adjoining land having street frontage. The carrier submitted data showing that various parcels adjoining its property and fronting on these streets were sold in the years 1908 to 1911 at prices ranging from \$1,160 to \$1,915 per acre, and some of the parcels were resold in 1922 for \$5,600 per acre. After examining all the data before us we conclude that the unit value for this zone should be increased to \$2,500 per acre.

*Zone 35, Lakewood.*—The adjacent property is used for commercial, light manufacturing, and industrial purposes. Similar property in the immediate vicinity was sold in the years of 1917 and 1918 at prices ranging from \$5,500 to \$11,600 per acre. These sales

indicate the unit value of \$2,800 per acre reported should be increased to \$6,000 per acre, which is the unit value contended for by the Central of New Jersey.

*Zone 14, Vineland.*—This zone is 5,205 feet long. It embraces 11.07 acres, and was appraised at \$1,000 per acre. The adjacent lands are used for residential, commercial, light manufacturing, and industrial purposes. The Central of New Jersey contends that the unit value of 8.02 acres in the eastern end of the zone is \$4,000 per acre, based on the sale of similar land adjoining this area in 1921 and 1922 for prices ranging from \$4,000 to \$10,000 per acre. It also contends that the unit value of 3.05 acres in the western end of the zone is \$1,000 per acre, based on sales of adjoining similar land at \$1,000 per acre in 1918 and at \$1,500 per acre in 1922. The unit value for this zone will be increased to \$3,200 per acre.

*Zone 3, Bridgeton.*—This area was tentatively appraised at 10 cents per square foot. The Central of New Jersey contends for 45 cents per square foot. It is located within the normal lot depth of the properties lying between Water Street and the Cohansey River. The adjacent property is used for commercial and industrial purposes. Parcels of similar land, some adjoining the carrier's areas and others in the immediate vicinity, sold during the years 1906 to 1921 at prices ranging from 17 cents to \$1.05 per square foot. These sales indicate the unit value of this zone should be increased to 35 cents per square foot.

*Zone 9, Easton.*—This zone embraces 12.64 acres and was appraised at \$200 per acre. In its original state it was a sidehill comprised of limerock, of which there were sufficient quantities for commercial purposes. A portion of the rock has been removed, but large quantities remain. The Central of New Jersey contends the value of its area is \$1,000 per acre, based on the price paid for quarry land located some distance from the zone, on the opinion of local persons as to the value of land for quarry purposes, and by applying a royalty of 5 cents per gross ton to the estimated quantities.

The value we have reported is that of similar lands adjoining and adjacent to the carrier property, determined from sales, assessments, and opinions of reliable local persons. The evidence adduced by the carrier is not sufficient to warrant a change in the value.

*Zones 13, 14, and 17, Bethlehem.*—The areas and land values reported for zones 13, 14, and 17 are 116,610, 67,200, and 210,640 square feet, and 30, 10, and 7 cents per square foot, respectively. The values contended for by the Central of New Jersey are 40, 30, and 17 cents, based on the prices paid for various parcels sold in the vicinity and on the assessed value of other parcels. Zone 13 lies between a paved street and the Lehigh Canal. Zones 14 and 17 adjoin the canal and

have no street frontage. The lands sold as well as those assessed are not wholly similar to the carrier's areas, and the data presented do not warrant an increase in the values reported.

*Zone 3, Wilkes-Barre.*—Part of zone 3, embracing 25,740 square feet, was appraised at 9 cents per square foot, and the remainder, 21,120 square feet, was appraised at 7 cents. The Central of New Jersey asks for 9 cents for the latter area. The evidence shows that the land is similar and both portions should be appraised at the same value. The sales data support the unit of 9 cents. The unit value will be increased accordingly.

*Zone 51, Red Bank.*—This zone embraces 9.49 acres, tentatively appraised at \$2,000 per acre. The New York and Long Branch contends for \$5,000 per acre. It is interior land and has no street access, except through a street which ends at the zone line. The adjoining lands are used mainly for industrial purposes. A portion of the zone was purchased by the carrier in 1911 for \$4,300 per acre. Parcels of adjoining similar land that have street access were sold in 1910 and 1917 for \$5,150 and \$6,250 per acre. If the streets referred to were projected, and the street areas deducted, the carrier's land would be similar in all respects to the latter parcels. The unit value for this zone will be increased to \$3,500 per acre.

*Zone 73, Long Branch.*—This zone embraces 140,320 square feet, and was appraised at 6 cents per square foot. The New York and Long Branch has divided the zone, and applied a unit value of 5 cents to 101,620 square feet and of 20 cents to the remaining areas. In support of the latter value it cited two sales, both of which are too small to be representative of the value of this zone. No change will be made.

*Zones 8 and 9, Allentown.*—The land in zones 8 and 9 was appraised at 15 and 20 cents per square foot, respectively. The Allentown Terminal contends these unit values should be increased to 30 and 60 cents. Zone 8 has no street access, while access to zone 9 is had through two streets which end at the zone lines. The latter zone lies somewhat nearer to the higher values on Hamilton Street. Various parcels of land in the immediate vicinity were sold at about valuation date at prices which indicate that the unit value of zone 8 should be increased to 30 cents, and of zone 9 to 40 cents per square foot.

*Zone 9NC, Allentown.*—The present value of \$7,487.50, reported for this zone includes a three-story brick building. The Allentown Terminal contends that the unit value of the land, exclusive of the building, was \$6,888, but it presented no evidence relative to the value of the building. The land and building were appraised as a single unit. The bureau's field notes show, however, that the value

of the building was only \$500. It appears, therefore, that the value assignable to the land is in excess of that contended for. No change will be made.

*Zones 10 and 10NC, Allentown.*—The Allentown Terminal contends that the unit values reported for these zones should be increased from \$1.30 to \$2.30 per square foot, based on the sales of various parcels in the vicinity about the date of valuation. An investigation indicates that the properties sold are not similar to the carrier's areas, since the major part of the former land faces on two streets and one parcel faces on three streets; moreover, the sale of the latter parcel includes a building, the value of which was estimated. We are not convinced that any change should be made.

*Zone 11, Allentown.*—We have reported the area and unit value of this zone to be 108,700 square feet, and 40 cents per square foot, respectively. The Allentown Terminal contends that the portion of this zone fronting on Linden Street should be appraised at \$1 and the remainder at 40 cents, which develops a unit of 66 cents for the entire zone. Various sales of similar land were made in the vicinity near valuation date at prices which indicate that the value of this zone should be increased to 54 cents per square foot.

*Zone 11NC, Allentown.*—We have reported \$13,290 as the value of land and several old brick buildings in this zone. While the land and buildings were appraised as a single unit, the bureau's notes state that the value of the buildings was \$8,500. Deducting this amount from the total appraised value of the property indicates the unit value of the land to be 40 cents per square foot. Data relative to the sale of similar land in the immediate vicinity were presented by the carrier. We have examined these data and conclude that the present value of the land and structures should be increased to \$16,400.

*Zones 12 and 13, Allentown.*—Zones 12 and 13 were tentatively appraised at 35 cents per square foot and \$5,500 per acre, respectively. The Allentown Terminal contends for 50 cents and \$7,000. Data were submitted by the carrier showing that various parcels of similar, adjoining land were sold near valuation date at prices which support its contention. Accordingly, the unit value for zone 12 will be increased to 50 cents per square foot, and for zone 13 to \$7,000 per acre.

*Zones 59, 60, and 61, Weissport, Pa.*—An error was made in our computation of the area of zones 59, 60, and 61, Weissport, owned by the Lehigh Coal and Navigation Company (Lehigh & Susquehanna) and used by the Central of New Jersey. The following increases will be made in the area of these zones: Zone 59, 61,693 square

feet; zone 60, 12,290 square feet; and zone 61, 4,535 square feet. The values thereof will be increased correspondingly.

*Excess cost of acquisition.*—The carriers protest the omission of the original cost and estimated value on valuation date of condemnation and damages or of purchase of lands in excess of the original cost or present value. For reasons stated in previously decided cases this protest must be overruled.

*Water rights.*—The tentative valuation includes \$100 for the right to take water from a reservoir at High Bridge, N. J., and \$100 for a similar right at Long Valley, N. J. The Central of New Jersey contends that the value of these rights on date of valuation was \$500 each. It also asserts that we have erroneously omitted the value of other water rights owned or used by it as follows: At Hopatcong, N. J., \$500; at Ludlow and Silverbrook, N. J., \$250 each. The Nesquehoning Valley Railroad protests the omission of a water right at Tamanend, Pa., and another at Hauto, Pa., the value of which it claims is \$250 each, based on the unsupported opinion of its witness. The values sought for the rights at High Bridge, Long Valley, and Hopatcong are based on our appraisal of \$500 for a water right at White House, N. J. There is no evidence that any of these rights is similar to that at White House.

With respect to the right at High Bridge, in consideration of the right to lay a pipeline across private lands and to take water from a spring thereon, the carrier agreed to keep in repair a private coal trestle belonging to the owner of the land and the spring. The record fails to show any expenditures for the latter purpose. The water at Long Valley is obtained from private parties at an annual rent of \$6. That at Hopatcong is obtained from the Morris Canal through pipes across property of the Lehigh Valley Railroad Company, the carrier paying an annual license fee of \$100 for the privilege of maintaining the pipes. The acquisition of these rights apparently cost the carrier nothing. Under our accounting rules rentals and license fees are chargeable to operating expenses. At Ludlow the Central of New Jersey, in 1852, purchased two tracts of land, including a spring. A consideration of \$177.50 is named in the deed. Subsequently the carrier sold the land for \$127.50, retaining the right to take water from the spring and to convey it across the land by means of a pipeline.

The tentative valuation will be modified to show \$50 as the value of the right at Ludlow. The other water rights in this locality are of only nominal value, as there would be little or no demand from other sources for the water. The value of the next highest use is an important element in the appraisal of water rights. *Great Northern Ry. Co.*, 133 I. C. C. 1, 123-127. No change will be made in these items.



## MISCELLANEOUS PHYSICAL PROPERTY

*Abandoned tracks.*—The Central of New Jersey protests the omission of certain tracks owned by it at various locations. The sum of \$24,910 is claimed therefor. These tracks were reported by the bureau as not in use on valuation date, and there was no imminence of use for common-carrier purposes at that time. But if they should be again restored to common-carrier use, their value will be included when the valuation of the carrier's property is brought down to date.

*Mauch Chunk Switch-Back Railway Company.*—The Central of New Jersey asserts ownership of the structural property of the Mauch Chunk Switch-Back Railway Company, a narrow-gauge intrastate road between Mauch Chunk and Summit Hill, Pa., length of circuit 18 miles. This property is on land leased from the Lehigh Coal and Navigation Company at an annual rent of \$1. There is no physical connection between this road and that of the Central of New Jersey, and the former has not been inventoried. The Central of New Jersey's investment in this road, according to its books, is \$32,266.54, but a description of the consideration received therefor is not ascertainable from the records. The Central of New Jersey urges that its present value alleged to be \$103,048, should be included as noncarrier property. The estimate of present value is based on an inventory made by it at the time of purchase in 1874, brought down to date by adding subsequent betterments and deducting retirements since that date and some amount for depreciation. The record is too inadequate to permit a finding of value. As its omission can have no appreciable effect upon the final value to be found for the Central of New Jersey, we do not feel justified in delaying this proceeding on that account.

*Omission of noncarrier structures.*—We are said to have omitted from the tentative valuation a two-story dwelling house and barn located in zone 22, valuation section 9a-Pa., of a value of \$1,180. Our field notes contain no reference to these structures and the evidence of record is insufficient to warrant their inclusion. No change will be made in this respect.

*Central Building, New York, N. Y.*—The tentative valuation includes \$1,852,300 as the value of this 12-story building and 19,000 square feet of land upon which it rests. At the hearing the bureau recommended that the amount be reduced to \$1,639,808, of which \$1,060,308 is for the building alone.

This structure was erected during the years 1889 to 1891. Three stories were added during 1903-1905. Minor additions were made in 1907 and 1914. It is used for office purposes, a part being used by the carrier and the remainder rented to other parties. The Central

of New Jersey asserts that the value of the building on the date of valuation was \$1,865,774. This is computed by taking the recorded construction cost of \$1,405,135 and applying price trend factors developed by the New York-Pittsburgh Association of Valuation Engineers, after which 5 per cent was added for engineering and 25 per cent deducted for deterioration.

The recommendation of the bureau is based upon the cost of similar structures erected during the years 1909 to 1916, with certain adjustments and upon consideration of the assessed value and rental received. After an inspection of the building, a deduction of 35 per cent was made for obsolescence and accrued depreciation. The resulting amount is equal to 40.68 cents per cubic foot of content, while the value sought by the carrier equals 71.5 cents per cubic foot.

The latter figure is found to exceed the cost per cubic foot of more valuable buildings erected only a few years before valuation date. Cost data of 25 to 30 years earlier are not determinative of the value of buildings during our pricing period. The recommendation is approved, and the tentative valuation will be changed accordingly.

*Broad Street Terminal, Newark, N. J.*—A part of this structure is used for noncarrier purposes. The estimated cost of reproduction new of the whole was included in the tentative valuation as common-carrier property. Correction will be made to show \$11,342 as the value of the noncarrier portion.

*Miscellaneous noncarrier structures.*—Protestants contend that the values shown for numerous noncarrier structures at various locations on their lines are insufficient and should be increased in the following sums: For the Central of New Jersey, \$1,455,803; for the Allentown Terminal, \$13,430; and for the New York and Long Branch, \$11,381. The values sought are based on the cost of reproduction new at 1914 prices trended to date of valuation, less some amount for depreciation.

For noncarrier structures on noncarrier lands, we have in each instance reported a single amount for the land and structures as a unit. The values were found upon consideration of assembled data in the form of actual sales, assessment values, and opinions of reliable local parties familiar with such matters. In the case of noncarrier structures on common-carrier land, which are not adapted to railroad use and are likely to be removed shortly, we have followed our usual practice of including only the salvage or removal value. The evidence does not justify any changes in this connection.

*Classification of certain lands.*—We classified the land in zone 83NC-A, valuation section 1d-N.J., as noncarrier. The area is 6,290 square feet and the appraised value \$230,150, including buildings. The bureau recommends that 4,370 square feet, valued at \$161,198, 149 I. C. C.

including buildings, retain this status, but that the remainder be reclassified as common-carrier land. This would result in an increase of the area of zone 83 from 3,500 square feet to 5,420 square feet and of its appraised value from \$122,500 to \$189,700. The recommendation is approved, and the tentative valuation will be changed accordingly.

The carrier contends that in 93 instances we have erroneously classified as noncarrier lands certain parcels used or held by protestant for carrier purposes, the value of which is said to aggregate \$4,145,-524. These tracts are held for future extension or development purposes, the details of the proposed uses being stated of record in most instances. A number of the parcels are unoccupied; others are occupied by tracks not now in use; and still others are leased to private parties.

Our rule for the classification of lands as carrier or noncarrier is outlined in *Texas Midland Railroad, supra*, page 162. With respect to the parcels not now in actual use, the record fails definitely to disclose, except in the instances named below, that the carriers have any settled plans for the development of the land. A reexamination of our field notes and the pertinent maps in the light of the evidence here submitted leads us to conclude that the following parcels should be reclassified as lands owned and used for carrier purposes:

Valuation section	Zone	Map	Area
			<i>Square feet</i>
1b.....	8NC.....	14	32,000
1b.....	Part of 33NC.....	16	75,860
1b.....	37NC.....	25	20,500

Land in valuation section 9a, zone 6NC, map 70, Pennsylvania, embracing 62,900 square feet, owned by the Lehigh Coal and Navigation Company and leased to the Central of New Jersey, should also be classified as used but not owned by the latter. The Central of New Jersey contends that land in valuation section 1b, zone 1NC, map 12, New Jersey, embracing 11.48 acres, was held on the date of valuation for projected enlargement of the Elizabethport shop yard. It proved at the hearing that this tract actually had been put to common carrier use since that date. Accordingly, its classification will be changed to that of owned and used property. Parts of the areas in valuation section 1b, zones 10NC, 11NC, map 42; 19A-NC, 19B-NC, 20NC, map 44; 21NC and 22NC, map 45, at Somerville and Raritan, N. J., apparently also were held on date of valuation for imminent yard development, elimination of grade crossings, and other track changes, as proved by the fact that construction of these improvements was begun in 1923. Maps of record show the areas

that have been put to carrier use. The classification of the latter will therefore be changed to that of owned and used property.

Certain parcels are occupied by tracks not now in use. One such tract, embracing 2.5 acres, is said to comprise a part of the Central of New Jersey's right of way between Port Monmouth and Red Bank, N. J., but it admits that some of the track is not now in place. Our records show this track as abandoned. No change in the classification of this area is warranted on the record.

With respect to lands owned by the Central of New Jersey and leased to private parties, the former contends that these tracts are used for receiving and delivering freight; that in two instances it retains the privilege of using them for storage and other purposes when not in use by the lessees; that through freight rates apply over the tracks located thereon, including the right of dumping from the piers; and that at the termination of the leases it must purchase the tracks and pier structures then on the land. But the preponderant evidence is that the use of these lands is primarily for the benefit of the lessees in noncarrier service. Incidental or immaterial common-carrier use is disregarded when by far the dominant use is non-carrier. We are not justified in making changes in these items at this time.

*Classification and estimated reproduction cost of coal trestles.*—The Central of New Jersey contends that in 30 instances we have erroneously classified as noncarrier property certain coal trestles owned and used by it for the delivery of coal and other commodities to its patrons and that the sum of \$263,690 reported therefor should be increased to \$348,654. It claims that the value of these structures on valuation date was \$506,285, determined by multiplying the estimated cost of reproduction less depreciation stated in our preliminary engineering report by a factor derived from the all-commodity index. These trestles are leased to private parties. The record is silent as to whether the dominant use is in the carrier or the lessees. This carrier owns Pier No. 8, at Jersey City, which is leased to private parties but is used jointly by it and the lessees. The tentative valuation reports \$24,427 as the value of the half of this structure classified as noncarrier. The Central of New Jersey asserts that the latter amount should be increased to \$46,900, determined by the same method as referred to above.

We have followed our usual method in reporting the amounts for these structures. The evidence is not persuasive that any changes should be made.

The Allentown Terminal contends that we have failed to report a coal trestle owned by it but leased to private parties and claims \$3,153 as the estimated cost of reproduction new. Upon review of

our records, we find that this structure, which is in zone 13A-NC, was erroneously omitted and the land occupied by it which embraces 0.30 acre, has been reported as in common-carrier use. The tentative valuation will be corrected to include the structure and the land as noncarrier with a value of \$2,898.60.

*Corrections.*—We have erroneously included in the tentative valuation of the Allentown Terminal 1.91 acres of land, with a present value of \$1,528, which is owned by the East Pennsylvania Railroad Company. This area and value will be eliminated.

The tentative valuation of the Central of New Jersey shows the value of lands used for common-carrier purposes, but owned by parties other than common-carriers to be \$708,477.48. This figure should be \$708,477.98. This error will be corrected.

We have also reported the value of certain common-carrier lands owned by the Perth Amboy and Woodbridge Railroad Company, but used by the Central of New Jersey for common-carrier purposes to be \$2,187.50. The present value of these lands was reported to the owner as owned but not used, with a value of \$2,415. The tentative valuation of the Central of New Jersey will be corrected to include the latter value.

#### OTHER VALUES AND ELEMENTS OF VALUE

Protestants contend that we should include in our findings of final value the sum of \$12,000,000 for other values and elements of value. During the hearing they petitioned for detailed information of the amounts that we have found in the tentative valuations for other elements of value, such as going concern, appreciation, earning power, and other items, separate as to each. The petition was denied. See *Petition of National Conference on Valuation*, 84 I. C. C. 9.

The only evidence offered in support of this claim is a statistical study of traffic handled over the system and per mile of road for each year from 1888 to 1918, inclusive. During this 30-year period the traffic trebled in volume and the net revenue doubled in amount. It is further contended that the expense of developing business and of organizing and training employees was considerable and would have to be incurred under reproduction. But no evidential facts or data were submitted with respect to any such costs incurred nor to demonstrate what proportion, if any, might be includible in findings of property values. Expenses of this kind are currently charged against income from traffic handled.

Similar claims have been fully discussed in earlier cases, notably *Atchison, Topeka & Santa Fe Ry. Co.*, *supra*, pages 89-96, and reiteration of our conclusions here is unnecessary. No change will be made.

## WORKING CAPITAL

The tentative valuations of the Central of New Jersey and the New York and Long Branch include \$3,464,600 and \$10,000 respectively, for working capital consisting of cash and materials and supplies. In the absence of detailed information as to the Central of New Jersey's actual investment in working capital on valuation date, the amount provided was determined in relation to operating expenses and other factors, based on a study of railroads in general. The amount reported for the New York and Long Branch was determined in the manner described in the appendix to the tentative valuation.

On date of valuation June 30, 1918, these roads were operated by the United States Railroad Administration. The exigencies of war resulted in such disturbance of the usual channels of traffic that the bureau has since concluded that greater reliance should be placed upon the experience of this system as of June 30, 1917, than as of valuation date. Additional data were thereupon gathered for a further study as to the requirements of these particular carriers. The result is a recommendation, based on the actual experience of the Central of New Jersey for the 5-year period ended on December 31, 1917, for the provision of \$3,047,814 for materials and supplies. The analysis shows that this carrier had no investment in cash working capital. Current revenue had been received sufficiently in advance to be available for the payment of current expenses as they became due. The amount stated for the New York and Long Branch is left unchanged.

The position of the carriers is that the particular sums now found must of necessity be reconsidered at future times, when the final values ascertained shall be put to specific uses and when the character and extent of the properties and their requirements for working capital may be markedly different. They point out that the amounts included in the tentative valuations are \$3,260,017 less for the Central of New Jersey and \$301,836 less for the New York and Long Branch than the amounts of materials, supplies, and cash actually held in this connection by the railroad administration on valuation date. They also show the amounts of cash on hand at stated intervals over a number of years. But, as we have repeatedly stated in other cases, the amounts of material, supplies, and cash on hand at any particular date do not necessarily measure a carrier's investment in working capital at that time.

We find that the Central of New Jersey's investment in working capital as of valuation date was \$3,100,000 and that of the New York and Long Branch was \$10,000. The tentative valuation of the former will be changed accordingly.

## FINAL VALUE

The Central of New Jersey's investment in road and equipment, including land, is shown on its books as \$106,014,267.09, which, if readjustments were made in conformity with our accounting classification and findings herein, would be increased to \$113,412,346.49. This latter sum embraces \$24,285,431.91, less an undetermined portion thereof assignable to offsetting items recorded at \$24,602,109.79, representing considerations other than cash, the money value of which at the time of the transactions is not known and can not be determined. Its books also show an investment of \$6,391,039.53 in improvements on leased railway property. With readjustments necessitated by our findings herein, the latter amount would be reduced to \$3,387,461.24. The original cost to date of all common-carrier property can not be ascertained, nor can we determine the original cost of its lands. The cost of reproduction new, and the cost of reproduction less depreciation of owned and used property, exclusive of lands and rights therein, are \$98,044,575 and \$69,140,184, respectively. The present value of lands owned and used for common carrier purposes we find to be \$28,884,269.06, of rights in public domain owned and used, \$387,634.43, and of rights in private lands owned and used, \$1,130.

The present value of lands and rights therein used but not owned by the Central of New Jersey, we find to be \$3,565,874.04, and of lands owned but not used \$9,105.85. The corresponding reproduction costs for property used but not owned are \$21,498,976 and \$17,678,342.

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

We have given careful consideration to all facts of record pertaining to the value of the Central of New Jersey's railroad as an economically developed, well-maintained, and seasoned property in operation as a going concern. We find that the value for rate-making purposes of the property of the Central of New Jersey, owned and used for purposes of a common-carrier, is \$104,400,000; of the property owned but not used, \$9,106; and of the property used but not owned, \$21,866,612.

On like consideration of the facts of record pertaining to the values of other carriers embraced in this report, we find that the final value, for rate-making purposes, of the property owned or used for common-carrier purposes by each of these corporations is as shown below:

Carrier	Owned and used	Owned but not used	Used but not owned
Lehigh Coal and Navigation Company (Lehigh and Susquehanna Railroad).....		\$16,911,159	
Easton and Western.....		156,000	
Treskow Railroad.....		220,000	
Dover and Rockaway.....		240,000	
Ogden Mine Railroad.....		370,000	
Wilkes-Barre and Scranton.....		1,350,000	
Hibernia Mine Railroad.....		107,000	
Nesquehoning Valley Railroad.....		1,142,039	
Bay Shore Connecting.....		78,000	
Allentown Terminal.....		1,142,000	
New York and Long Branch.....	\$6,210,000		\$109,477

We have included in the final values of the respective properties the following amounts for working capital: \$3,100,000 for the Central of New Jersey and \$10,000 for the New York and Long Branch.

An order will be entered in accordance with our findings.

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**ORDER**

*Entered February 15, 1929*

Valuation Docket No. 401

The Central Railroad Company of New Jersey; The Lehigh Coal and Navigation Company (Lehigh and Susquehanna Railroad); Easton and Western Railroad Company; The Treskow Railroad Company; The Dover and Rockaway Railroad Company; The Ogden Mine Railroad Company; Wilkes-Barre and Scranton Railroad Company; and The Hibernia Mine Railroad Company

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Valuation Docket No. 390

**The Nesquehoning Valley Railroad Company**

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Valuation Docket No. 391

**Bay Shore Connecting Railroad Company**

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Valuation Docket No. 392

**The Allentown Terminal Railroad Company**

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Valuation Docket No. 417

**The New York and Long Branch 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 said division having, on the date hereof, made and filed a report containing its conclusion 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 Central Railroad Company of New Jersey; The Lehigh Coal and Navigation Company, (Lehigh and Susquehanna Railroad); Easton and Western Railroad Company; The Tresckow Railroad Company; The Dover and Rockaway Railroad Company; The Ogden Mine Railroad Company; Wilkes-Barre and Scranton Railway Company; The Hibernia Mine Railroad Company; The Nesquehoning Valley Railroad Company; Bay Shore Connecting Railroad Company; The Allentown Terminal Railroad Company; and The New York and Long Branch Railroad Company, as of June 30, 1918:

#### IN GENERAL

Reference is made to Appendix 2, *Texas Midland Railroad*, 75 I. C. C. 1, 108, which is hereby made a part of each section of the order herein, for a statement of methods employed and of reasons for differences between various cost values reported. Reference is also made, in like manner, to Appendix 3, *Northampton & B. R. Co.*, 149 I. C. C. 244, 263, for a statement of the method employed in determining working capital.

Attached to each section and made a part thereof are Appendices 1 and 2. Appendix 1 gives further description of property, allocation of mileage by States, and summaries showing classification of cost of reproduction new and cost of reproduction less depreciation in conformity with the classification of expenditures of road and equipment prescribed by us. Appendix 2 shows in detail the history and organization of present and predecessor corporations; increases or decreases of stocks, bonds, and other securities incident to reorganizations; moneys received by reason of issues of stocks, bonds, and other securities, together with the syndicating, banking, and other financial arrangements attending their issue; net and gross earnings; development of fixed physical property; investment in road and equipment; original cost to date; general balance sheet statements; and other pertinent information.

The accounting, engineering, and land reports relating to the properties of the carriers embraced in this proceeding, copies of which have been furnished to interested parties and State officials of the States in which the carriers are situated, give 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 direction of Congress. These reports are referred to for greater particularity as to the matters stated in the following sections.

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SECTION 1

Valuation Docket No. 401

The Central Railroad Company of New Jersey and its Leased Lines

*Location and general description of property.*—The railroad of The Central Railroad Company of New Jersey, herein called the Central of New Jersey, is a standard-gauge, steam railroad, located in New York, New Jersey, and Pennsylvania. The owned mileage consists of two main lines and numerous branches in New Jersey and terminal properties in Jersey City, Newark, and Perth Amboy, N. J. The main lines owned extend from Redbank to Bayside and from Jersey City to Phillipsburg, N. J., from which point the Central of New Jersey operates, under lease or contract, the properties of various companies to form its main line into Scranton, Pa. From this line numerous branches extend to manufacturing communities and anthracite mines. The Central of New Jersey also operates, under lease, in New Jersey, branches from Wharton to Rockaway, Lake Hopatcong to Edison, and from Rockaway to Hibernia Mine. The Central of New Jersey jointly uses, under lease, freight and passenger terminals at Scranton, Tamaqua, and Wilkes-Barre, Pa. The Central of New Jersey wholly owns 384.855 miles of road, all of which it uses. It also wholly uses 209.717 miles of road owned by other carriers, of which 16.719 miles are owned by the Nesquehoning Valley Railroad Company, on which a separate report will be made. The remaining road, owned by lessors of the Central of New Jersey, is described in the paragraphs below. In addition, other road mileage, shown in Appendix 1, is jointly owned by the Central of New Jersey with other carriers. All of the properties described below, except where otherwise stated, are leased to and operated by the Central of New Jersey.

The railroad of The Dover and Rockaway Railroad Company, herein called the Dover and Rockaway, is a single-track line extending in a northeasterly direction from Wharton to Rockaway, N. J., 4.542 miles.

The railroad of the Easton and Western Railroad Company, herein called the Easton and Western, is a single-track line, extending from Hope's Lock to Easton, Pa., 4.434 miles.

The railroad of The Hibernia Mine Railroad Company, herein called the Hibernia Mine Railroad, is a single-track line extending in a northwesterly direction from Rockaway to Hibernia Mine, N. J., 4.280 miles.

The railroad of the Lehigh Coal and Navigation Company, commonly known as the Lehigh and Susquehanna Railroad, is a standard-gauge, double-track line, extending in a northwesterly direction from Phillipsburg, N. J., to Union Junction, Pa., 155.907 miles, including numerous branches.

The railroad of The Ogden Mine Railroad Company, herein called the Ogden Mine Railroad, is a single-track line extending in a northerly direction from Lake Hoptacong to Edison, N. J., 9.687 miles.

The railroad of The Tresckow Railroad Company, herein called the Tresckow Railroad, is a single-track line extending in a westerly direction from Audendried to Silver Brook, Pa., 9.894 miles.

The railroad of the Wilkes-Barre and Scranton Railway Company, herein called the Wilkes-Barre and Scranton, is a standard-gauge line extending in a northeasterly direction from Minooka Junction to Scranton, Pa., 4.254 miles. The railroad of the Wilkes-Barre and Scranton does not touch any part of the remainder of the Central of New Jersey's system, but is reached by 9.66 miles of trackage rights over the railroad of The Delaware and Hudson Company. This road is an important part of the Central of New Jersey's system in that it constitutes its main line in the vicinity of Scranton.

The other main tracks and yard and side tracks owned by the leased lines described, are shown in the trackage table in Appendix 1.

The Central of New Jersey wholly owns and uses 1,101.844 miles of all tracks, and wholly uses but does not own 549.214 miles of all tracks. In addition, it jointly owns and uses with other carriers 9.924 undivided miles of yard and side tracks, and jointly uses with other carriers 16.597 undivided miles of all tracks. All of the above mileage is classified in the trackage table in Appendix 1.

#### CENTRAL OF NEW JERSEY

*Capital stock and long-term debt.*—The Central of New Jersey had outstanding, on date of valuation, a total par value of \$76,357,631.60 in stocks and long-term debt, of which \$27,436,800 represented capital stock, \$300 stock liability for conversion, and \$48,920,531.60 funded debt.

*Results of corporate operations.*—For the period from April 1, 1849, to date of valuation, the aggregate railway operating expenses

have been 59.9 per cent of the railway operating revenues. During the 10-year period preceding date of valuation, average annual dividends of 11.6 per cent on the capital stock were declared.

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

*Investment in road and equipment.*—The investment in road and equipment, including land, on date of valuation, is stated in the books as \$106,014,267.09. If readjustments were made, this amount would be increased to \$113,412,346.49, detailed in Appendix 2, of which \$24,285,431.91, less an indeterminable portion thereof assignable to offsetting items recorded at \$24,602,109.79, represents considerations other than cash, the money value of which at the time of the transactions, we are not able to report, as it has been impossible to obtain the necessary information.

*Improvements on leased railway property.*—The investment in improvements on leased railway property on date of valuation is stated in the records as \$6,391,039.53, detailed in Appendix 2. If readjustments were made, this amount would be reduced to \$3,387,461.24.

*Cost of reproduction new and cost of reproduction less depreciation.*—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land and material and supplies, owned or used by the Central of New Jersey, including owned portions of joint minor facilities, are as follows:

Classification	Cost of reproduction new	Cost of reproduction less depreciation
<i>As a whole</i>		
Wholly owned and used.....	\$97,799,210	\$68,932,227
Jointly owned and used with another carrier, undivided, Central of New Jersey's portion <sup>1</sup> .....	245,365	207,957
Total owned and used.....	98,044,575	69,140,184
Wholly used but not owned, leased from—		
Dover and Rockaway.....	208,865	155,021
Easton and Western.....	137,988	123,889
Hibernia Mine Railroad.....	114,477	50,883
Lehigh Coal and Navigation Company, owned by—		
Lehigh Coal and Navigation Company.....	17,726,363	14,571,506
The Nesquehoning Valley Railroad Company.....	998,538	841,270
Tresckow Railroad.....	262,538	207,526
Wilkes-Barre and Scranton.....	1,017,185	881,349
Ogden Mine Railroad.....	287,753	230,581
New Jersey Zinc Company.....	10,028	3,572
Private parties.....	12,902	12,902
Total.....	20,776,637	17,108,499

<sup>1</sup> For details, see summaries by accounts in Appendix 1.

Classification	Cost of reproduction new	Cost of reproduction less depreciation
<i>As a whole—Continued</i>		
Jointly used but not owned: Leased from The Allentown Terminal Railroad Company, used jointly with The Philadelphia and Reading Railway Company, Central of New Jersey's leased portion.....	\$691, 472	\$543, 168
Leased from the Bay Shore Connecting Railroad Company, used jointly with The Lehigh Valley Railroad Company, Central of New Jersey's leased portion.....	30, 865	26, 673
Total.....	722, 337	569, 841
Total owned.....	98, 044, 575	69, 140, 184
Total used.....	119, 543, 549	86, 818, 524
<i>In New Jersey</i>		
Wholly owned and used.....	51, 541, 494	41, 396, 238
Jointly owned and used with another carrier, Central of New Jersey's portion <sup>1</sup> .....	245, 365	207, 957
Total.....	51, 786, 859	41, 604, 195
Wholly used but not owned, leased from—		
Dover and Rockaway.....	208, 865	155, 021
Hibernia Mine Railroad.....	114, 477	80, 883
Lehigh Coal and Navigation Company.....	76, 704	56, 912
Ogden Mine Railroad.....	287, 753	230, 581
Total.....	687, 799	523, 397
Jointly used but not owned, leased from The Bay Shore Connecting Railroad Company, used jointly with The Lehigh Valley Railroad Company, Central of New Jersey's leased portion.....	30, 865	26, 673
Total owned.....	51, 786, 859	41, 604, 195
Total used.....	52, 505, 523	42, 154, 265
<i>In New York</i>		
Wholly owned and used.....	508, 926	366, 781
Wholly used but not owned, leased from private parties.....	12, 902	12, 902
Total owned.....	508, 926	366, 781
Total used.....	521, , 828	379, 683
<i>In Pennsylvania</i>		
Wholly owned and used.....	409, 568	245, 435
Wholly used but not owned, leased from—		
Easton and Western.....	137, 988	123, 889
Lehigh Coal and Navigation Company, owned by—		
Lehigh Coal and Navigation Company.....	17, 649, 659	14, 514, 594
The Nesquehoning Valley Railroad Company.....	998, 538	841, 270
Trescow Railroad.....	262, 538	207, 526
Wilkes-Barre and Scranton.....	1, 017, 185	881, 349
Total.....	20, 065, 905	16, 568, 628
Jointly used but not owned, leased from The Allentown Terminal Railroad Company, used jointly with The Philadelphia and Reading Railway Company, Central of New Jersey's leased portion.....	691, 472	543, 168
Total owned.....	409, 568	245, 435
Total used.....	21, 166, 948	17, 357, 231
<i>Not allocated to States</i>		
Wholly owned and used.....	45, 339, 222	26, 923, 773
Wholly used but not owned, leased from—		
New Jersey Zinc Company.....	10, 028	3, 572
Total owned.....	45, 339, 222	26, 923, 773
Total used.....	45, 349, 250	26, 927, 345

<sup>1</sup> For details, see summaries by accounts in Appendix 1.

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

*Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.*—The Central of New Jersey owns and uses for common-carrier purposes 5,512.43 acres of lands. It owns but does not use 0.65 acre of land which is leased to other carriers for common-carrier purposes. The total original cost of lands owned by the Central of New Jersey can not be ascertained as the necessary records are not obtainable, but data on their original cost will be found in Appendix 2.

The area and present values of the carrier lands owned or used are as shown below. The Central of New Jersey's or its lessors' portions of jointly owned lands are included in the wholly owned or used lands.

Classification	Acres	Present value
<i>As a whole</i>		
Wholly owned and used.....	5,512.43	\$28,884,269.06
Owned but not used, leased to—		
Delaware, Lackawanna and Western Railroad Company.....	.10	1,529.85
Lehigh Valley Railroad Company.....	.37	7,360.00
The Pennsylvania Railroad Company.....	.18	216.00
Total.....	.65	9,105.85
Used but not owned, leased from—		
Allentown Terminal Railroad Company.....	37.04	211,512.00
Bay Shore Connecting Railroad Company.....	4.03	11,145.00
Chestnut Ridge Railway Company.....	2.40	1,512.70
The Morris & Essex Railroad Company.....	.69	2,283.75
Dover and Rockaway Railroad Company.....	41.68	79,619.17
Easton and Western Railroad Company.....	62.22	6,718.40
Hibernia Mine Railroad Company.....	28.18	17,607.34
Lehigh Coal and Navigation Company, owned by—		
Lehigh Coal and Navigation Company.....	2,565.96	1,833,050.85
The Nesquehoning Valley Railroad Company.....	117.80	6,434.60
Tresckow Railroad Company.....	116.41	2,239.01
Wilkes-Barre and Scranton Railway Company.....	71.48	446,175.39
Private parties.....	4.88	555.25
Lehigh Valley Railroad Company of New Jersey.....	.08	918.90
New York Bay Railroad Company.....	2.85	3,912.00
Ogden Mine Railroad Company.....	79.77	133,695.45
Perth Amboy & Woodbridge Railroad Company.....	.20	2,415.00
East Mahanoy Railroad Company.....	4.17	208.50
Catawissa Railroad Company.....	3.75	18.75
Port Reading Railroad Company.....	28.00	92,650.00
Rahway Valley Railroad Company.....	.42	1,098.00
East Pennsylvania Railroad Company.....	1.27	1,016.00
Private parties.....	70.15	709,387.98
Total.....	3,243.43	3,564,174.04
Total owned.....	5,513.08	28,893,374.91
Total used.....	8,755.86	32,448,443.10
<i>In New Jersey</i>		
Wholly owned and used.....	5,424.39	28,768,623.71
Owned but not used, leased to—		
Delaware, Lackawanna and Western Railroad Company.....	.10	1,529.85
Lehigh Valley Railroad Company.....	.37	7,360.00
The Pennsylvania Railroad Company.....	.18	216.00
Total.....	.65	9,105.85
Used but not owned, leased from—		
Bay Shore Connecting Railroad Company.....	4.03	11,145.00
The Morris & Essex Railroad Company.....	.69	2,283.75
Dover and Rockaway Railroad Company.....	41.68	79,619.17
Lehigh Coal and Navigation Company.....	.57	341.00
Lehigh Valley Railroad Company of New Jersey.....	.08	918.90

Classification	Acres	Present value
<i>In New Jersey—Continued</i>		
Used but not owned, leased from—Continued.		
Hibernia Mine Railroad Company.....	28.18	\$17,607.34
New York Bay Railroad Company.....	2.85	3,912.00
Ogden Mine Railroad Company.....	79.77	133,695.45
Perth Amboy & Woodbridge Railroad Company.....	.20	2,415.00
Port Reading Railroad Company.....	28.00	92,650.00
Rahway Valley Railroad Company.....	.42	1,098.00
Private parties.....	51.25	186,022.90
Total.....	237.72	531,708.51
Total owned.....	5,425.04	28,777,729.56
Total used.....	5,662.11	29,300,332.22
<i>In New York</i>		
Wholly owned and used.....	.05	57,585.00
Used but not owned, leased from private parties.....	3.12	509,850.00
Total owned.....	.05	57,585.00
Total used.....	3.17	567,435.00
<i>In Pennsylvania</i>		
Wholly owned and used.....	87.99	58,060.35
Used but not owned, leased from—		
Allentown Terminal Railroad Company.....	37.04	211,512.00
Chestnut Ridge Railway Company.....	2.40	1,512.70
Easton and Western Railroad Company.....	62.22	6,718.40
Lehigh Coal and Navigation Company; owned by—		
Lehigh Coal and Navigation Company.....	2,565.39	1,832,709.85
The Nesquehoning Valley Railroad Company.....	117.80	6,434.60
Tresckow Railroad Company.....	116.41	2,239.01
Wilkes-Barre and Scranton Railway Company.....	71.48	446,175.39
Private parties.....	4.88	555.25
East Mahanoy Railroad Company.....	4.17	208.50
Catawissa Railroad Company.....	3.75	18.75
East Pennsylvania Railroad Company.....	1.27	1,016.00
Private parties.....	15.78	13,515.08
Total.....	3,002.59	2,522,615.53
Total owned.....	87.99	58,060.35
Total used.....	3,090.58	2,580,675.88

*Rights in public domain.*—The Central of New Jersey owns or uses rights in public domain as follows:

Classification	Present value	Costs supported by accounting records
Owned and used:		
In New Jersey.....	\$2,000.00	\$2,000.00
In New York.....	385,634.43	385,634.43
Total owned.....	387,634.43	387,634.43
Used but not owned, in New Jersey, leased from the Dover and Rockaway Railroad Company.....	1,000.00	1,000.00
Total used.....	388,634.43	388,634.43

*Rights in private lands.*—The Central of New Jersey owns or uses rights in private lands as follows:

Classification	Present value	Costs supported by accounting records
In New Jersey, owned and used.....	\$1, 130	\$92, 332
In Pennsylvania, used but not owned, leased from the Lehigh Coal and Navigation Company.....	700	400
Total owned.....	1, 130	92, 332
Total used.....	1, 830	92, 732

*Property held for purposes other than those of a common carrier.*—The Central of New Jersey owns and holds for noncarrier purposes 1,554.27 acres of lands. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data that are obtainable on their original cost will be found in Appendix 2. The present value of these lands and improvements thereon, owned by the Central of New Jersey, and the present value of noncarrier structures on carrier lands, are as follows:

State	Noncarrier lands		Noncarrier structures	
	Acres	Present value	On carrier lands owned	On carrier lands not owned
New Jersey.....	1, 497. 46	\$6, 661, 647. 80	\$116, 959. 00	\$3, 725. 00
New York.....	. 44	1, 639, 808. 00	-----	-----
Pennsylvania.....	56. 37	24, 862. 25	1, 150. 00	-----
Total.....	1, 554. 27	8, 326, 318. 05	118, 109. 00	3, 725. 00

The balance in the miscellaneous physical property account on date of valuation is \$3,246,178.56. It has not been determined what part, if any, of this amount represents the noncarrier lands and structures shown above. The Central of New Jersey has charged to its account for improvements on leased railway property \$1,511,942.51 which we find to be the cost of rights in public domain devoted to noncarrier use and chargeable to the miscellaneous physical property account. With this adjustment, the balance in the account would be increased to \$4,758,121.07. Further information is given in Appendix 2.

The Central of New Jersey owns securities of other companies held for noncarrier purposes. Their par value is \$21,187,433.04, and their book value, stated by the Central of New Jersey as its net investment in the securities of other companies, is \$18,079,254.33. These securities, with their par and book values on date of valuation, are listed in Appendix 2.



*Aids, gifts, grants of rights of way, and donations.*—Of the lands owned by the Central of New Jersey and included in the preceding summaries of lands owned, the following were acquired through aids:

Classification	Acres	Present value
Carrier lands, owned and used:		
In New Jersey.....	728.80	\$2,372,204.74
In Pennsylvania.....	12.02	1,332.65
Total.....	740.82	2,373,537.39
Noncarrier lands, owned in New Jersey.....	75.34	1,004,178.81

The title to these lands was conveyed by deeds reciting merely nominal considerations, or no considerations. We are not able to report their value at the time acquired.

The Central of New Jersey reports that it or its predecessors received no aids, gifts, grants, or donations, but an examination of its records shows that aids were received by it or its predecessors as follows:

Amount donated by the Lakewood Hotel Company to the New Jersey Southern Railway Company in aid of construction of a new passenger station at Lakewood, N. J.....	\$5,000.00
Recorded value of lands conveyed to the Central of New Jersey by the American Dock and Improvement Company by deed of May 15, 1917, and described in the accounts of the Central of New Jersey as a donation.....	1,000,000.00
Expenditures by United Fruit Company on a pier constructed by the Central of New Jersey and leased to the United Fruit Company.....	54,274.26
Industrial tracks constructed at expense of shippers.....	38,961.18
Other amounts, the particulars of which were not definitely determinable, credited by the Central of New Jersey to the profit and loss account as donations.....	6,111.62
Total.....	1,104,347.06

*Material and supplies.*—The Central of New Jersey has no material and supplies on hand on date of valuation. The investment in material and supplies, on date of valuation, as shown in the books of the United States Railroad Administration, covering the operation of the property of the Central of New Jersey, amounts to \$5,846,089.43.

*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 pur-

poses, of the property of the Central of New Jersey, owned or used, devoted to common-carrier purposes, are found to be as follows :

Classification	Final value
Wholly owned and used.....	\$104,400,000
Owned but not used, leased to—	
Delaware, Lackawanna & Western Railroad Company.....	1,530
Lehigh Valley Railroad Company.....	7,360
The Pennsylvania Railroad Company.....	216
Total .....	9,106
Used but not owned, leased from—	
Dover and Rockaway.....	240,000
Hibernia Mine Railroad.....	107,000
Ogden Mine Railroad.....	370,000
Easton and Western.....	156,000
Lehigh Coal and Navigation Company—	
Owned by this company.....	16,900,000
Owned by the Nesquehoning Valley Railroad Company.....	892,000
Owned by the Tresckow Railroad.....	220,000
Owned by the Wilkes-Barre and Scranton.....	1,350,000
Owned by private parties.....	555
The Allentown Terminal Railroad Company.....	760,000
Bay Shore Connecting Railroad Company.....	39,000
Chestnut Ridge Railway Company.....	1,513
The Morris and Essex Railroad Company.....	2,284
Lehigh Valley Railroad Company of New Jersey.....	919
New York Bay Railroad Company.....	3,912
Perth Amboy & Woodbridge Railroad Company.....	2,415
Port Reading Railroad Company.....	92,650
Railway Valley Railroad.....	1,098
East Pennsylvania Railroad Company.....	1,016
New Jersey Zinc Company.....	3,750
Private parties.....	722,500
Total.....	21,866,612
Total owned.....	104,409,106
Total used.....	126,266,612

The sum of \$3,100,000 is included in the value above stated as wholly owned and used on account of working capital, including material and supplies. No other values or elements of value to which specific sums can now be ascribed are found to exist.

#### DOVER AND ROCKAWAY

*Capitalization.*—The Dover and Rockaway had outstanding on date of valuation a total par value of \$185,000 in stock and long-term debt, of which \$150,000 represents capital stock and \$35,000 funded debt.

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

*Investment in road and equipment.*—The investment in road, including land, no equipment being owned, on date of valuation, is stated in the books as \$184,300, detailed in Appendix 2. This amount

represents considerations other than money, the cash value of which at the time of the transactions is not known and can not be determined, as it is not shown in the records.

*Cost of reproduction new and cost of reproduction less depreciation.*—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, owned by the Dover and Rockaway, leased to the Central of New Jersey, are \$208,865 and \$155,021, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in Appendix 1. The Dover and Rockaway uses no common-carrier property.

*Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.*—The Dover and Rockaway owns but does not use 41.68 acres of lands that are leased to the Central of New Jersey for common-carrier purposes. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data that are obtainable on their original cost will be found in Appendix 2. The present value of these lands is \$79,619.17.

*Rights in public domain.*—The Dover and Rockaway owns but does not use rights in public domain, which are leased to the Central of New Jersey for common-carrier purposes, the original cost of which, so far as supported by accounting records, is \$1,000. Their present value is the same amount.

*Property held for purposes other than those of a common carrier.*—The Dover and Rockaway owns and holds for noncarrier purposes 31.82 acres of lands. The original cost of lands classified as non-carrier can not be ascertained, as the necessary records are not obtainable. Data that are obtainable on their original cost will be found in Appendix 2. The present value of the lands, including the value of improvements thereon, is \$6,364.

*Aids, gifts, grants of rights of way, and donations.*—Of the lands owned but not used by the Dover and Rockaway, leased to the Central of New Jersey for carrier purposes, 0.01 acre, with a present value of \$50, was acquired through aids, the title being conveyed by deed reciting a nominal consideration only. We are not able to report the value of this land at the time acquired.

*Material and supplies.*—The Dover and Rockaway had no material and supplies on hand on date of valuation.

*Final value.*—After careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of

the Dover and Rockaway, owned but not used, leased to and devoted by the Central of New Jersey to common-carrier purposes, is found to be \$240,000. No working capital, including material and supplies, is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

#### HIBERNIA MINE RAILROAD

*Capitalization.*—The Hibernia Mine Railroad had outstanding on date of valuation a total par value of \$200,000 in capital stock.

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

*Investment in road and equipment.*—The investment in road, including land, no equipment being owned, on date of valuation, is stated in the books as \$179,941.17. If readjustments were made this amount would be increased to \$185,846.55, detailed in Appendix 2, of which \$57,730.66, less the undeterminable portion thereof assignable to offsetting items recorded at \$40,283.74, represents charges for which no particulars were obtainable.

*Cost of reproduction new and cost of reproduction less depreciation.*—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, owned but not used by the Hibernia Mine Railroad, leased to the Central of New Jersey, are \$114,477, and \$80,883, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in Appendix 1. The Hibernia Mine Railroad uses no common-carrier property.

*Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.*—The Hibernia Mine Railroad owns but does not use 28.18 acres of lands that are leased to the Central of New Jersey for common-carrier purposes. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable, but the original cost of a portion thereof, as supported by accounting records, is \$21,680.13. Other data on their original cost will be found in Appendix 2. The present value of these lands is \$17,607.34.

*Property held for purposes other than those of a common carrier.*—The Hibernia Mine Railroad owns and holds for noncarrier purposes 1.13 acres of land. The total original cost of lands classified as non-carrier can not be ascertained, as the necessary records are not

obtainable, but data that are obtainable on their original cost will be found in Appendix 2. Their present value, including improvements thereon, owned by the Hibernia Mine Railroad, is \$1,663.20.

The Hibernia Mine Railroad owns securities of other companies, held for noncarrier purposes. Their par value is \$17,000 and their book value, stated by the Hibernia Mine Railroad as its net investment in securities of other companies, is \$16,719.95. These securities, with their par and book values on date of valuation, are listed in Appendix 2.

*Aids, gifts, grants of rights of way, and donations.*—Of the lands owned but not used by the Hibernia Mine Railroad, leased to the Central of New Jersey for common-carrier purposes, 2.51 acres, with a present value of \$2,649.40, were acquired through aids. The title to these lands was conveyed by deeds reciting nominal considerations only. We are not able to report their value at the time acquired.

*Material and supplies.*—The Hibernia Mine Railroad had no material and supplies on hand on date of valuation.

*Final value.*—After careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Hibernia Mine Railroad, owned but not used, leased to and devoted by the Central of New Jersey to common-carrier purposes, is found to be \$107,000. No working capital, including material and supplies, is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

#### OGDEN MINE RAILROAD

*Capitalization.*—The Ogden Mine Railroad had outstanding on date of valuation a total par value of \$450,000 in capital stock.

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

*Investment in road and equipment.*—The investment in road, including land, no equipment being owned, on date of valuation, is stated in the books as \$450,000. If readjustments were made, this amount would be increased to \$482,791.24, detailed in Appendix 2, of which \$406,858.07 represents considerations other than money, the cash value of which at the time of the transactions is not known and can not be determined, as it is not shown in the records.

*Cost of reproduction new and cost of reproduction less depreciation.*—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than lands, owned but not used by the Ogden Mine Railroad, leased to the Central of New Jersey, are \$287,753 and \$230,581, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in Appendix 2. The Ogden Mine Railroad uses no common-carrier property.

*Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.*—The Ogden Mine Railroad owns but does not use 79.77 acres of lands that are leased to the Central of New Jersey for common-carrier purposes. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable, but the original cost of a portion thereof as supported by accounting records, is \$5,587. Other data on their original cost will be found in Appendix 2. The present value of these lands is \$133,695.45.

*Property held for purposes other than those of a common carrier.*—The Ogden Mine Railroad holds for noncarrier purposes investments in other companies consisting of 20 shares of the capital stock of the Northern Pennsylvania Railroad Company, the par value of which is \$1,000. The book value of this stock is \$1,700, which is its original cost.

*Aids, gifts, grants of rights of way, and donations.*—Of the lands owned but not used by the Ogden Mine Railroad, leased to the Central of New Jersey for common-carrier purposes, 14.02 acres, with a present value of \$70.10, were acquired through aids. The title to these lands was conveyed by deeds reciting merely nominal considerations. We are not able to report their value at the time acquired.

*Material and supplies.*—The Ogden Mine Railroad had no material and supplies on hand on date of valuation.

*Final value.*—After careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Ogden Mine Railroad, owned but not used, leased to and devoted by the Central of New Jersey to common-carrier purposes, is found to be \$370,000. No working capital, including material and supplies, is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

## LEHIGH COAL AND NAVIGATION COMPANY

*Capitalization.*—The Lehigh Coal and Navigation Company has outstanding, on date of valuation, a total par value of \$625,300 in stocks and long-term debt, of which \$474,300 represents capital stock and \$151,000 funded debt.

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

*Investment in road and equipment.*—The investment in road, including land, no equipment being owned, on date of valuation, is stated in the books as \$16,053,566.30, detailed in Appendix 2. Of this amount \$11,205,045.38, less an undetermined portion thereof assignable to offsetting items recorded at \$3,464,813.64, represents considerations other than cash, the money value of which at the time of the transactions is not known and can not be determined, as it is not shown in the records.

*Cost of reproduction new and cost of reproduction less depreciation.*—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, owned but not used by the Lehigh Coal and Navigation Company, leased to the Central of New Jersey, including owned portions of joint minor facilities, are as follows:

Classification	Cost of reproduction, new	Cost of reproduction, less depreciation
Wholly owned but not used, leased to the Central of New Jersey:		
In New Jersey.....	\$76,704	\$56,912
In Pennsylvania.....	17,649,659	14,514,594
Total.....	17,726,363	14,571,506

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

*Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.*—The Lehigh Coal and Navigation Company owns but does not use 2,569.41 acres of land which are leased to other carriers for common-carrier purposes. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data that are obtainable on their

original cost will be found in Appendix 2. The area and present values of these lands are as shown below:

Classification	Acres	Present value
<i>As a whole</i>		
Wholly owned but not used, leased to—		
Central of New Jersey.....	2,565.96	\$1,833,050.85
Lehigh Valley Railroad Company.....	3.39	11,070.50
Philadelphia and Reading Railway Company.....	.06	87.83
Total owned.....	2,569.41	1,844,209.18
<i>In New Jersey</i>		
Owned but not used, leased to the Central of New Jersey.....	.87	341.00
<i>In Pennsylvania</i>		
Owned but not used, leased to—		
Central of New Jersey.....	2,565.39	1,832,709.85
Lehigh Valley Railroad Company.....	3.39	11,070.50
Philadelphia and Reading Railway Company.....	.06	87.83
Total.....	2,568.84	1,843,868.18

The Lehigh Coal and Navigation Company leases certain lands from private parties which are subleased to the Central of New Jersey for common-carrier purposes.

*Rights in private lands.*—The Lehigh Coal and Navigation Company owns but does not use rights in private lands in Pennsylvania, which are leased to the Central of New Jersey for common-carrier purposes. The original cost of these rights, as supported by the accounting records, is \$400. Their present value is \$700.

*Property held for purposes other than those of a common carrier.*—The Lehigh Coal and Navigation Company owns and holds for non-carrier purposes 220.17 acres of lands, all in Pennsylvania. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable, but the original cost of a portion thereof, as supported by the accounting records, is \$13,550. Other data as to their original cost will be found in Appendix 2. The present value of these noncarrier lands, and improvements thereon, owned by the Lehigh Coal and Navigation Company, is \$66,957.89. The present value of noncarrier structures on carrier lands, in Pennsylvania, is \$900.

*Aids, gifts, grants of rights of way, and donations.*—Of the lands owned by the Lehigh Coal and Navigation Company and included in the preceding statements of lands owned, all in Pennsylvania, the following were acquired through aids:

Classification	Acres	Present value
Wholly owned but not used, leased to other carriers for common-carrier purposes.....	153.11	\$83,670.52
Noncarrier lands, owned.....	47.58	2,210.80



The title to these lands was acquired through deeds reciting merely nominal considerations, or no considerations. We are not able to report their value at the time acquired.

*Material and supplies.*—The Lehigh Coal and Navigation Company had no material and supplies on hand on date of valuation.

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

Owned but not used, leased to—

Central of New Jersey.....	\$16,900,000
Lehigh Valley Railroad Company.....	11,071
Philadelphia and Reading Railway Company.....	88
Total owned.....	16,911,159

No working capital, including material and supplies, is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

#### EASTON AND WESTERN

*Capitalization.*—The Easton and Western had outstanding on date of valuation a total par value of \$182,773.10 in stock and long-term debt, of which \$50,000 represents capital stock and \$132,773.10 nonnegotiable debt to affiliated companies.

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

*Investment in road and equipment.*—The investment in road, including land, no equipment being owned, on date of valuation, is stated in the books as \$182,773.10. This amount represents the advances made by the Central of New Jersey for the construction of and additions and betterments to the road.

*Cost of reproduction new and cost of reproduction less depreciation.*—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, owned but not used by the Easton and Western, leased to the Central of New Jersey, including the lessor's portion of jointly owned minor facilities, are \$137,988 and \$123,889, respectively. These amounts, classified in conformity with the classification of expenditures for

road and equipment as prescribed by us, are shown in Appendix 1. The Easton and Western uses no common-carrier property.

*Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.*—The Easton and Western owns but does not use 62.22 acres of lands which are leased to the Central of New Jersey for common-carrier purposes. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable, but the original cost of a portion thereof so far as supported by accounting records is \$26,124.50. Other data on their original cost will be found in Appendix 2. The present value of the 62.22 acres leased to the Central of New Jersey is \$6,718.40.

*Property held for purposes other than those of a common carrier.*—The Easton and Western owns and holds for noncarrier purposes 5.48 acres of lands. The total original cost of lands classified as noncarrier can not be ascertained, as the necessary records are not obtainable, but data that are obtainable on their original cost will be found in Appendix 2. The present value of the 5.48 acres of noncarrier lands, and improvements thereon, owned by the Easton and Western is \$1,096.

*Aids, gifts, grants of rights of way, and donations.*—Of the lands owned but not used by the Easton and Western, leased to the Central of New Jersey for common-carrier purposes, 6.17 acres, with a present value of \$1,234, were acquired by the Easton and Western through aids, the title being conveyed by deeds reciting nominal considerations only. We are not able to report the value of this land at the time acquired.

*Material and supplies.*—The Easton and Western had no material and supplies on hand on date of valuation.

*Final value.*—After careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Easton and Western, owned but not used, leased to and devoted by the Central of New Jersey to common-carrier purposes, is found to be \$156,000. No working capital, including material and supplies, is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

#### TRESEKOW RAILROAD

*Capitalization.*—The Tresekow Railroad had outstanding on date of valuation \$284,789.76 in stock and long-term debt, of which \$130,000 represents capital stock and \$154,789.76 nonnegotiable debt to affiliated companies.

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

*Investment in road and equipment.*—The investment in road, including land, no equipment being owned, on date of valuation, is stated in the books as \$284,789.76, representing construction advances made by the Lehigh Coal and Navigation Company.

*Cost of reproduction new and cost of reproduction less depreciation.*—The cost of reproduction new and costs of reproduction less depreciation, of all common-carrier property, other than land, owned but not used by the Tresckow Railroad, leased to the Lehigh Coal and Navigation Company and subleased by it to the Central of New Jersey, are \$262,538 and \$207,526, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in Appendix 1. The Tresckow Railroad uses no common-carrier property.

*Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.*—The Tresckow Railroad owns but does not use 116.41 acres of lands which are leased to the Lehigh Coal and Navigation Company and subleased by it to the Central of New Jersey for common-carrier purposes. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data that are obtainable on their original cost will be found in Appendix 2. The present value of the 116.41 acres of land leased to the Lehigh Coal and Navigation Company and subleased to the Central of New Jersey is \$2,239.01.

*Property held for purposes other than those of a common carrier.*—The Tresckow Railroad owns and holds for noncarrier purposes 1.73 acres of lands. The original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data that are obtainable on their original cost will be found in Appendix 2. The present value of the 1.73 acres of noncarrier lands and improvements thereon, owned by the Tresckow Railroad, is \$268.75. The present value of noncarrier structures on carrier lands is \$500.

*Aids, gifts, grants of rights of way, and donations.*—Of the lands owned and held by the Tresckow Railroad for noncarrier purposes, 0.34 acre, with a present value of \$17, was acquired through aids, the title being conveyed by deeds reciting nominal considerations only. We are not able to report the value of this land at the time acquired.

*Material and supplies.*—The Tresckow Railroad had no material and supplies on hand on date of valuation.

*Final value.*—After careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Tresckow Railroad, owned but not used, leased to the Lehigh Coal and Navigation Company and devoted by the Central of New Jersey to common-carrier purposes, is found to be \$220,000. No working capital, including material and supplies, is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

#### WILKES-BARRE AND SCRANTON

*Capitalization.*—The Wilkes-Barre and Scranton had outstanding, on date of valuation, a total par value of \$1,141,675.86 in stock and long-term debt, of which \$500,000 represents capital stock, \$500,000 funded debt, and \$141,675.85 nonnegotiable debt to affiliated companies.

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

*Investment in road and equipment.*—The investment in road, including land, no equipment being owned, on date of valuation, is stated in the books as \$1,141,675.86. If readjustments, detailed in Appendix 2, were made, this amount would be reduced to \$1,111,675.86, which represents considerations other than money, the cash value of which at the time of the transactions is not known and can not be determined, as it is not shown in the records.

*Cost of reproduction new and cost of reproduction less depreciation.*—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property other than lands, owned but not used by the Wilkes-Barre and Scranton, leased to the Lehigh Coal and Navigation and subleased by it to the Central of New Jersey, are \$1,017,185 and \$881,349, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in Appendix 1. The Wilkes-Barre and Scranton uses no common-carrier property.

*Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.*—The Wilkes-Barre and Scranton owns but does not use 71.48 acres of lands which are leased to the Lehigh Coal and Navigation Company and subleased to the Central of New Jersey for common-carrier purposes. The total original cost

of these lands can not be ascertained, as the necessary records are not obtainable, but the original cost of a portion thereof, as supported by the accounting records, is \$175,135.50. Other data on their original cost will be found in Appendix 2. The present value of the 71.48 acres leased to the Central of New Jersey is \$446,175.39.

*Rights in private lands.*—The Wilkes-Barre and Scranton owns a right in private lands which is leased to the Central of New Jersey, the original cost of which, as supported by accounting records and contract considerations, is \$20,476.46. No present value is found for this right.

*Property held for purposes other than those of a common carrier.*—The Wilkes-Barre and Scranton owns and holds for non-carrier purposes 0.64 acre of land. The total original cost of this land can not be ascertained, as the necessary records are not obtainable, but the original cost of a portion thereof, as supported by accounting records, is \$3,500. Other data on its original cost will be found in Appendix 2. The present value of the 0.64 acre of non-carrier land and improvements thereon, owned by the Wilkes-Barre and Scranton, is \$10,450.60. The present value of noncarrier structures on carrier lands is \$1,250.

*Aids, gifts, grants of rights of way, and donations.*—The Wilkes-Barre and Scranton reports that it received no aids, gifts, grants, or donations, and none was found of record.

*Material and supplies.*—The Wilkes-Barre and Scranton had no material and supplies on hand on date of valuation.

*Final value.*—After careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Wilkes-Barre and Scranton, owned but not used, leased to the Lehigh Coal and Navigation Company and devoted by the Central of New Jersey to common-carrier purposes, is found to be \$1,350,000. No working capital, including material and supplies, is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

#### APPENDIX 1

##### CENTRAL OF NEW JERSEY AND ITS LEASED LINES

###### TRACK MILEAGE

The trackage mileage of the Central of New Jersey and leased lines is classified in the following table:

Classification	First main track	Other main tracks	Yard tracks and sidings	All tracks
<i>As a whole</i>				
Wholly owned and used.....	Miles 384 835	Miles 182 408	Miles 544 581	Miles 1,101 844
Used but not owned, leased from—				
Dover and Rockaway.....	4 542	-----	3 802	8 344
Easton and Western.....	4 434	-----	0 084	4 518
Hibernia Mine Railroad.....	4 280	-----	2 950	7 230
Lehigh Coal and Navigation Company (Lehigh and Susquehanna Railroad).....	155 907	99 158	194 570	449 635
The Nesquehoning Valley Railroad Company.....	16 719	7 870	12 977	37 566
Ogden Mine Railroad.....	9 687	-----	4 068	13 755
Tresekow Railroad.....	9 894	-----	5 331	15 225
Wilkes-Barre and Scranton.....	4 254	0 763	7 924	12 941
Total.....	209 717	107 791	231 706	549 214
Total owned.....	384 855	182 408	544 581	1,101,844
Total used.....	594,572	290,199	766,287	1,651,058
Jointly owned and used with other carriers, undivided <sup>1</sup> .....	-----	-----	9 924	9 924
Jointly used but not owned				
Leased from the Allentown Terminal Railroad Company for joint use with The Philadelphia and Reading Railway Company, undivided <sup>1</sup> .....	8 629	3 112	7 106	13 847
Leased from the Bay Shore Connecting Railroad Company for joint use with the Lehigh Valley Railroad Company, undivided <sup>1</sup> .....	1 103	-----	1 647	2 750
<i>In New Jersey</i>				
Wholly owned and used.....	384 527	182 408	533 084	1,100 019
Used but not owned, leased from—				
Dover and Rockaway.....	4 542	-----	3 802	8 344
Hibernia Mine Railroad.....	4 280	-----	2 950	7 230
Lehigh Coal and Navigation Company (Lehigh and Susquehanna Railroad).....	0 091	0 091	0 036	0 218
Ogden Mine Railroad.....	9 687	-----	4 068	13 755
Total.....	18 600	0 091	10 856	29 547
Total owned.....	384 527	182 408	533 081	1,100 019
Total used.....	403 127	182 499	543 940	1,129 566
Jointly owned and used with other carriers, undivided <sup>1</sup> .....	-----	-----	9 924	9 924
Jointly used but not owned, leased from the Bay Shore Connecting Railroad Company for joint use with the Lehigh Valley Railroad Company, undivided <sup>1</sup> .....	1 103	-----	1 647	2 750
<i>In New York</i>				
Wholly owned and used.....	-----	-----	1 375	1 375
<i>In Pennsylvania</i>				
Wholly owned and used.....	0 328	-----	0 122	0 450
Used but not owned, leased from—				
Easton and Western.....	4 434	-----	0 084	4 518
Lehigh Coal and Navigation Company (Lehigh and Susquehanna Railroad).....	155 816	99 067	194 534	449 417
The Nesquehoning Valley Railroad Company.....	16 719	7 870	12 977	37 566
Tresekow Railroad.....	9 894	-----	5 331	15 225
Wilkes-Barre and Scranton.....	4 254	0 763	7 924	12 941
Total.....	191 117	107 700	220 850	519 667
Total owned.....	0 328	-----	0 122	0 450
Total used.....	191 445	107 700	220 972	520 117
Jointly used but not owned, leased from the Allentown Terminal Railroad Company for joint use with The Philadelphia and Reading Railway Company, undivided <sup>1</sup> .....	3 629	3 112	7 106	13 847

<sup>1</sup> Details for the portion of the joint mileage classified as major facilities are shown in separate summaries by accounts in this appendix.

In addition to the joint mileage shown, the Central of New Jersey jointly owns or uses with other carriers 0.284 mile of yard and side tracks classified as minor facilities, the reproduction costs for which are included in the wholly owned property. If this mileage were divided in proportion to ownership the Central of New Jersey's portion thereof would be 0.142 mile.

## TERMINALS

The principal freight and passenger terminals used by the Central of New Jersey are shown in the following tabulation:

Location	Basis of use		Remarks <sup>1</sup>
	Freight terminal	Passenger terminal	
Jersey City, N. J. ....	Ownership....	Ownership....	Passenger facilities are also used by The Baltimore and Ohio Rail Road Company and the Lehigh Valley Railroad Company.
Newark, N. J. ....	Ownership....	Ownership....	All facilities owned by the Wilkes-Barre and Scranton, the Central of New Jersey, lessee. These facilities are also used by the New York, Ontario and Western Railway Company.
Perth Amboy, N. J. ....	Ownership....	Ownership....	
Scranton, Pa. ....	Lease.....	Lease.....	
Tamaqua, Pa. ....	Rental.....	Rental.....	All facilities owned and operated by The Philadelphia and Reading Railway Company.
Wilkes Barre, Pa. ....	Lease.....	Lease.....	All facilities owned by the Lehigh Coal and Navigation Company (Lehigh and Susquehanna Railroad), the Central of New Jersey, lessee.

<sup>1</sup> The terms under which the properties not owned are used are shown in Appendix 2, under leased railway property.

## TRAFFIC CONNECTIONS

The Central of New Jersey has connections with other carriers for interchange of traffic, as follows:

Carrier	Connecting points
Chestnut Ridge Railway Company .....	Palmerton, Pa.
The Delaware & Hudson Company .....	Hudson, Wilkes Barre, Minooka Junction, Union Junction, Pa.
The Delaware, Lackawanna & Western Railroad Company .....	Hampton, Hoboken, Lake Junction, Phillipsburg, N. J., Scranton, Pa.
East Jersey Railroad & Terminal Company .....	Bayonne, N. J.
Frie Railroad Company .....	Weehawken, N. J., Everhart, Plains Junction, Pa.
The Freehold and Jamesburg Agricultural Railroad Company .....	Farmingdale, Freehold, N. J.
The Ironton Railroad Company .....	Hokendauqua, Pa.
The Lehigh & Hudson Railway Company .....	Easton, Pa.
Lehigh and New England Railroad Company .....	Bethlehem, Catasauqua, Hauto, Pa.
Lehigh Valley Railroad Company .....	Allentown, Beaver Brook, Easton, Franklin Junction, Glen Onoko, Laurel Run, Packerton Junction, Penn., Haven Junction, Upper Lehigh, Sugar Notch, Wilkes-Barre, Pa., Aldene, Bayonne, Round Brook, Claremont, Jersey City, Oak Island Junction, Perth Amboy, Phillipsburg, N. J.
The Long Island Railroad Company .....	Long Island City, N. Y.
Mount Hope Mineral Railroad Company .....	Wharton, N. J.
The New York Bay Railroad Company .....	Oak Island Junction, N. Y.
The New York Central Railroad Company .....	New York, N. Y.
The New York, New Haven & Hartford Railroad Company .....	Jersey City, N. J.
The New York and Long Branch Railroad Company .....	Branchport, Long Branch, Matawan, Perth Amboy, Red Bank, N. J.
New York, Ontario & Western Railroad Company .....	Scranton, Pa.
Northampton and Bath Railroad Company .....	Northampton, Pa.

Carrier	Connecting points
The Pennsylvania Railroad Company.....	Bridgeton Junction, Flemington, Jersey City, Phillipsburg, Whitings, N. J.; Buttonwood, Nanticoke, Pa.
Perth Amboy and Woodridge Railroad.....	Perth Amboy, N. J.
Philadelphia & Reading Railway Company.....	Bound Brook, Port Reading Crossing, Winslow Junction, N. J.; Allentown, Bethlehem, Haucks, Silver Brook, Tamanend, Pa.
Rahway Valley Company.....	Aldene, N. J.
The Staten Island Rapid Transit Railway Company.	Cranford Junction, N. J.
The Tuckerton Railroad Company.....	Whitings, N. J.
West Shore Railroad Company.....	National Junction, Weehawken, N. J.
Wharton & Northern Railroad Company.....	Lake Junction, N. J.
Wilkes-Barre Connecting Railroad Company.....	Near Wilkes-Barre, Pa.

Connections with the lines of the Erie Railroad Company, The Long Island Railroad Company, and The New York, New Haven & Hartford Railroad Company are by means of car floats. Connection with the line of the West Shore Railroad Company is made by means of trackage rights over the Lehigh Valley Railroad Company.

#### PHYSICAL CONDITIONS AFFECTING CONSTRUCTION

*Topography.*—The surface of the country traversed by the Central of New Jersey's line situated south of Jersey City varies from low and flat to gently rolling. At Jersey City, and nearby places located adjacent to one or more of the several salt water bays, the country is low and marshy. West of Jersey City the road passes through a light rolling country for one-half the distance across the State. From there the topography rapidly becomes rougher and more broken, culminating about 20 miles west of the New Jersey-Pennsylvania State line, in conditions which may be classified as semimountainous. This same character of country obtains for the remaining territory traversed.

The principal rivers are the Delaware, Lehigh, and the Susquehanna. The main line to Scranton westward crosses the divide between the Atlantic Ocean and the Delaware River, crosses or follows the Delaware and Lehigh Rivers, climbs the mountains, crosses the divide between the Delaware and Susquehanna watersheds at an elevation of about 1,700 feet above sea level, and descends to an elevation of 600 feet at Wilkes-Barre, Pa.

*Geology.*—On the southern part of the road the soil is of sand and clay, practically no rock being found. On the central and western portions the soil is generally of clay except in the New Jersey lake region where considerable gravel is found. The rocks underlying the soil of the central and western portions are varied in kind and degree of hardness and include shales, slates, sandstones, and limestones, the sandstones largely predominating. Among the rocks of the western portion extensive seams of anthracite coal are quite general.

*Climate.*—The climate varies from temperate on the southern portion of the road to the much more severe conditions of a mountain climate with its long winters and fairly heavy snows on the western portion of the line. The temperature ranges from 100° above zero to 25° below. Normal annual precipitation is found to be from 40 to 45 inches per year. The snow fall varies from 25 to 50 inches per year.



## ECONOMIC CONDITIONS RELATING TO TRAFFIC

*Farm development.*—On the southern portion of the road the soil is generally sandy and not well adapted to farming, the agricultural development being mainly limited to truck gardening, poultry, grapes, and most of the staples such as grain, corn, potatoes, etc., are grown. West of the Delaware River, owing partly to the mountainous topography, the farms are less frequent and smaller.

*Industrial development.*—The eastern and central portion of the line serves the highly developed industrial community. Manufacturing in nearly all lines is carried on at Jersey City, Newark, and many other points, one or more factories being located in nearly every town. In the vicinity of the Delaware River the industries are mainly, but not entirely, those involving the use of minerals, and consist of such industries as stone quarries, cement plants, brick yards, anthracite coal mines, iron and steel mills, smelters, machine shops, and tool shops. On the western end of the road the anthracite coal industry predominates and furnishes the bulk of the freight traffic. The southern portions of the road reach no communities of industrial importance.

## PHYSICAL CHARACTERISTICS OF ROAD

*Grades.*—The maximum grades on the lines operated by the Central of New Jersey vary from 0.45 per cent to 1.85 per cent eastbound, and from 0.30 per cent to 1.20 per cent westbound.

*Curvature.*—The maximum curvature on the principal lines operated by the Central of New Jersey varies from 4° to 15°, 20'.

*Grading.*—The volume of grading averages about 49,000 cubic yards per mile of road, including single and multiple track stretches, and ranges between extremes of 16,000 cubic yards and 210,000 cubic yards per mile.

*Tunnels and subways.*—There are two tunnels, both located in the mountainous section of Pennsylvania. One of the tunnels is 390 feet and the other 1,733 feet in length. Both were driven through solid rock.

*Bridges, trestles, and culverts.*—The bridges consist generally of superstructures of steel and substructures of either stone or concrete. In addition there are a number of arches of stone or concrete and bridges and trestles of timber construction. The timber structures are most numerous on the line south of Jersey City at crossings of marshes and salt water inlets.

*Ties.*—Chestnut, oak, and yellow pine are the principal woods used for ties. About 33 per cent of the ties are treated with creosote. The bridge and switch ties are of yellow pine and oak, a large percentage being creosoted.

*Rail.*—The main track is laid principally with 90 and 100-pound rail, while 90, 80, and 70-pound rail predominate in the yard tracks and sidings. About 40 per cent of the track mileage is laid with rails of open hearth steel and about 60 per cent with Bessemer steel.

*Ballast.*—The principal materials used for ballast are crushed stone and cinders, the latter predominating. There is some gravel, slag, earth, and sand.

*Signals and interlockers.*—These consist chiefly of automatic signals and interlockers on the more important sections of the road, and manually operated signals and switches chiefly located on the less important lines. The interlockers are of both electro-pneumatic and mechanical types. The automatic signals are of both electric and electro-pneumatic types, the latter predominating. The operating power for electro-pneumatic signals and switches, aside from the electric control circuits, as well as for some crossing gates, is distributed over the road by pipe lines. A large portion of the road is equipped with steel bridges for carrying the signal masts over the tracks.

## EQUIPMENT

The Central of New Jersey owns and uses 543 steam locomotives, with 2 extra tenders and 8 snow plows, 26,636 freight-train cars, 777 passenger-train cars, 182 units of floating equipment, 793 units of work equipment, and 18 units of miscellaneous equipment. It also uses under lease 10 freight-train cars owned by the New Jersey Zinc Company, a noncarrier corporation. There had also been assigned to it for temporary use by the United States Government 32 steam locomotives, of which 3 are owned by the Atchison, Topeka and Santa Fe Railway Company and 29 by the United States Government.

## ENGINEERING AND GENERAL EXPENDITURES

Engineering has been estimated for the properties embraced in this proceeding at the percentages indicated below on road accounts 3 to 47, inclusive:

	Percentage
Allentown Terminal.....	4.50
Bay Shore Connecting Railroad.....	4.50
Central of New Jersey.....	4.00 and 4.25
De Forest, Robert V. and Henry W.....	4.00
Dover and Rockaway.....	4.50
Easton and Western.....	4.50
Hibernia Mine Railroad.....	4.50
Lehigh Coal and Navigation Company.....	4.25
Nesquehoning Valley Railroad.....	4.50
Ogden Mine Railroad.....	4.50
Tresckow Railroad.....	4.50
Wilkes-Barre and Scranton.....	4.25

General expenditures, exclusive of interest during construction, have been estimated on the basis of 1.5 per cent on road accounts 1 to 47, exclusive of account 2. Interest during construction has been estimated for one-half the construction period, plus 3 months, at 6 per cent per annum on all road and general-expenditures accounts, exclusive of accounts 2 and 76. Interest on equipment has been estimated for 3 months at 6 per cent per annum. The construction periods for the owned property of the Central of New Jersey range from 6 months to 36 months. The following construction periods have been estimated for each of the properties jointly owned or leased, included in this report.

	Months
Allentown Terminal.....	12
Bay Shore Connecting Railroad.....	6
De Forest, Robert W., Henry W.....	6
Dover and Rockaway.....	6
Easton and Western.....	6
Hibernia Mine Railroad.....	6
Lehigh Coal and Navigation Company.....	30
Nesquehoning Valley Railroad.....	18
Ogden Mine Railroad.....	6
Tresckow Railroad.....	6
Wilkes-Barre and Scranton.....	12

## SUMMARIES

The owned portions of joint minor facilities are included in the reproduction costs shown for wholly owned properties.

## CENTRAL OF NEW JERSEY

*All sections, wholly owned and used*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<b>I. ROAD</b>			
1	Engineering.....	\$1,915,534	\$1,915,534
3	Grading.....	8,155,536	7,886,571
6	Bridges, trestles, and culverts.....	5,133,601	3,935,312
8	Ties.....	3,059,489	1,906,629
9	Rails.....	3,926,250	3,431,916
10	Other track material.....	2,265,880	1,544,261
11	Ballast.....	2,170,682	1,506,117
12	Tracklaying and surfacing.....	2,262,843	1,664,542
13	Right-of-way fences.....	31,700	16,013
14	Snow and sand fences and snowsheds.....	409	205
15	Crossings and signs.....	1,079,334	798,036
16	Station and office buildings.....	5,914,291	4,660,658
17	Roadway buildings.....	101,752	61,925
18	Water stations.....	362,143	265,682
19	Fuel stations.....	197,489	165,792
20	Shops and engine houses.....	2,459,119	2,051,251
23	Wharves and docks.....	3,258,200	2,491,056
24	Coal and ore wharves.....	627,770	332,874
25	Gas-producing plants.....	37,503	24,379
26	Telegraph and telephone lines.....	183,243	164,238
27	Signals and interlockers.....	1,637,229	1,308,221
29	Power-plant buildings.....	285,824	267,976
31	Power-transmission systems.....	34,040	27,130
32	Power-distribution systems.....	238,545	193,954
33	Power-line poles and fixtures.....	5,950	2,817
36	Paving.....	2,760	2,138
37	Roadway machines.....	53,535	42,017
38	Roadway small tools.....	51,235	25,618
44	Shop machinery.....	1,025,188	542,652
45	Power-plant machinery.....	507,792	396,132
46	Power-substation apparatus.....	29,190	25,610
Total, 1, and 3 to 47, inclusive.....		47,014,056	37,657,256
<b>II. EQUIPMENT</b>			
51	Steam locomotives.....	8,247,172	4,202,652
53	Freight-train cars.....	24,193,319	14,523,002
54	Passenger-train cars.....	5,831,059	4,070,873
56	Floating equipment.....	5,751,997	3,249,214
57	Work equipment.....	642,478	480,891
58	Miscellaneous equipment.....	1,918	1,175
Total, 51 to 58, inclusive.....		44,667,943	26,527,807
<b>III. GENERAL EXPENDITURES</b>			
71	Organization expenses.....	705,210	562,412
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	5,412,001	4,184,752
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		6,117,211	4,747,164
Grand total, 1, and 3 to 77, inclusive.....		97,799,210	68,932,227

*In New Jersey, wholly owned and used*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<b>I. ROAD</b>			
1	Engineering.....	\$1,881,058	\$1,881,058
3	Grading.....	8,150,974	7,882,009
6	Bridges, trestles, and culverts.....	5,092,815	3,902,934
8	Ties.....	3,053,227	1,903,380
9	Rails.....	3,918,890	3,425,625
10	Other track material.....	2,254,810	1,537,411
11	Ballast.....	2,169,264	1,505,307
12	Tracklaying and surfacing.....	2,287,254	1,660,884
13	Right-of-way fences.....	31,700	16,013
14	Snow and sand fences and snowsheds.....	409	205
15	Crossings and signs.....	1,079,149	797,932
16	Station and office buildings.....	5,610,263	4,461,431
17	Roadway buildings.....	101,752	61,925
18	Water stations.....	361,677	265,370
19	Fuel stations.....	196,889	165,312
20	Shops and engine houses.....	2,459,119	2,051,251
23	Wharves and docks.....	3,131,082	2,384,302
24	Coal and ore wharves.....	627,770	332,874
25	Gas-producing plants.....	37,503	24,379
26	Telegraph and telephone lines.....	179,094	160,545
27	Signals and interlockers.....	1,637,229	1,308,221
29	Power-plant buildings.....	285,824	267,976
31	Power-transmission systems.....	27,850	23,830
32	Power-distribution systems.....	230,515	189,389
33	Power-line poles and fixtures.....	4,610	2,470
36	Paving.....	2,138	2,138
37	Roadway machines.....	23,475	17,212
38	Roadway small tools.....	35,555	17,777
44	Shop machinery.....	800,513	430,633
45	Power-plant machinery.....	469,036	370,645
46	Power-substation apparatus.....	29,190	25,610
Total, 1, and 3 to 47, inclusive.....		46,141,256	37,076,048
<b>III. GENERAL EXPENDITURES</b>			
71	Organization expenses.....	692,119	553,695
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	4,708,119	3,766,495
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		5,400,238	4,320,190
Grand total, 1, and 3 to 77, inclusive.....		51,541,494	41,396,238

*In New Jersey, jointly owned and used with The Philadelphia & Reading Railway Company. The Philadelphia and Reading Railway Company's portion, 66 2/3 per cent; Port Reading creosoting plant, at Port Reading, N. J., including 9.92 1/4 miles of yard and side tracks. The Central of New Jersey's portion*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<b>I. ROAD</b>			
1	Engineering.....	\$9,431	\$9,431
3	Grading.....	25,784	25,784
6	Bridges, trestles, and culverts.....	360	338
8	Ties.....	8,449	5,526
9	Rails.....	11,608	10,980
10	Other track material.....	11,900	8,661
11	Ballast.....	2,915	1,457
12	Tracklaying and surfacing.....	7,071	5,374
15	Crossings and signs.....	16	8

*In New Jersey, jointly owned and used with The Philadelphia & Reading Railway Company. The Philadelphia and Reading Railway Company's portion, 66% per cent; Port Reading creosoting plant, at Port Reading, N. J., including 9.924 miles of yard and side tracks. The Central of New Jersey's portion—Continued*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<b>I. ROAD—continued</b>			
17	Roadway buildings.....	\$152,826	\$127,655
26	Telegraph and telephone lines.....	21	18
31	Power-transmission systems.....	319	298
32	Power-distribution systems.....	315	283
33	Power-line poles and fixtures.....	186	149
38	Roadway small tools.....	123	64
Total, 1, and 3 to 47, inclusive.....		231,329	196,028
<b>III. GENERAL EXPENDITURES</b>			
71	Organization expenses.....	3,470	2,950
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	10,566	8,981
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		14,033	11,931
Grand total, 1, and 3 to 77, inclusive.....		245,365	207,957

*In New Jersey, jointly used but not owned. Leased from the Bay Shore Connecting Railroad, jointly used with the Lehigh Valley Railroad Company, 50 per cent each; 1.103 miles of first main track, 1.647 miles of yard and side tracks, at Newark, N. J. Central of New Jersey's leased portion*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<b>I. ROAD</b>			
1	Engineering.....	\$1,272	\$1,272
3	Grading.....	13,720	13,720
6	Bridges, trestles, and culverts.....	755	512
8	Ties.....	3,522	2,203
9	Rails.....	4,092	3,675
10	Other track material.....	2,433	1,626
11	Ballast.....	971	485
12	Tracklaying and surfacing.....	2,452	1,791
15	Crossings and signs.....	306	221
Total, 1, and 3 to 47, inclusive.....		29,523	25,505
<b>III. GENERAL EXPENDITURES</b>			
71	Organization expenses.....	443	386
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	899	782
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		1,342	1,168
Grand total, 1, and 3 to 77, inclusive.....		30,865	26,673

NOTE.—The summaries for the properties of Dover & Rockaway, Hibernia Railroad, Lehigh Coal and Navigation Company, and Ogden Mine Railroad, used but not owned by the Central of New Jersey, in New Jersey, are given under the headings of their own names.

*In New York, wholly owned and used*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
I. ROAD			
1	Engineering.....	\$18,454	\$18,454
8	Ties.....	3,898	1,949
9	Rails.....	6,160	5,484
10	Other track material.....	10,292	6,394
11	Ballast.....	1,014	507
12	Tracklaying and surfacing.....	4,349	2,914
15	Crossings and signs.....	164	93
16	Station and office buildings.....	302,855	198,641
18	Water stations.....	466	312
19	Fuel stations.....	600	480
23	Wharves and docks.....	127,118	106,754
26	Telegraph and telephone lines.....	4,149	3,693
31	Power-transmission systems.....	150	90
32	Power-distribution systems.....	80	35
33	Power-line poles and fixtures.....	65	20
Total, 1, and 3 to 47, inclusive.....		479,814	345,820
III. GENERAL EXPENDITURES			
71	Organization expenses.....	7,197	5,182
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	21,915	15,779
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		29,112	20,961
Grand total, 1, and 3 to 77, inclusive.....		508,926	366,781

*In New York, used but not owned, leased from Robert W. and Henry W. De Forest*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
I. ROAD			
1	Engineering.....	\$475	\$475
3	Grading.....	11,866	11,866
Total, 1, and 3 to 47, inclusive.....		12,341	12,341
III. GENERAL EXPENDITURES			
71	Organization expenses.....	185	185
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	376	376
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		561	561
Grand total, 1, and 3 to 77, inclusive.....		12,902	12,902

*In Pennsylvania, wholly owned and used*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<b>I. ROAD</b>			
1	Engineering.....	\$15,972	\$15,972
3	Grading.....	4,562	4,562
6	Bridges, trestles, and culverts.....	40,786	32,378
8	Ties.....	2,364	1,300
9	Rails.....	1,200	807
10	Other track material.....	778	456
11	Ballast.....	404	303
12	Tracklaying and surfacing.....	1,240	744
15	Crossings and signs.....	21	11
31	Power-transmission systems.....	6,040	3,210
32	Power-distribution systems.....	7,950	4,530
33	Power-line poles and fixtures.....	1,275	327
37	Roadway machines.....	30,060	24,805
38	Roadway small tools.....	15,680	7,841
44	Shop machinery.....	224,675	112,019
45	Power-plant machinery.....	38,756	25,487
Total, 1, and 3 to 47, inclusive.....		391,763	234,752
<b>III. GENERAL EXPENDITURES</b>			
71	Organization expenses.....	5,876	3,526
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	11,929	7,157
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		17,805	10,683
Grand total, 1, and 3 to 77, inclusive.....		409,568	245,435

*In Pennsylvania, jointly used but not owned, leased from the Allentown Terminal Railroad Company for use with The Philadelphia and Reading Railway Company; 3.629 miles of first main track, 3.112 miles of other main tracks, and 7.106 miles of yard and side tracks; total 13.847 miles of all tracks, at Allentown, Pa. Central of New Jersey's leased portion, one-third.*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<b>I. ROAD</b>			
1	Engineering.....	\$28,073	\$28,073
3	Grading.....	103,686	101,895
6	Bridges, trestles, and culverts.....	241,814	187,418
8	Ties.....	30,885	19,649
9	Rails.....	33,684	30,243
10	Other track material.....	31,043	19,892
11	Ballast.....	10,504	6,511
12	Tracklaying and surfacing.....	23,417	16,860
15	Crossings and signs.....	21,713	15,207
16	Station and office buildings.....	93,033	62,339
17	Roadway buildings.....	615	227
20	Shops and engine houses.....	1,189	509
26	Telegraph and telephone lines.....	216	195
27	Signals and interlockers.....	32,045	22,902
Total, 1, and 3 to 47, inclusive.....		651,917	511,920
<b>III. GENERAL EXPENDITURES</b>			
71	Organization expenses.....	9,779	7,725
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	29,776	23,523
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		39,555	31,248
Grand total, 1, and 3 to 77, inclusive.....		691,472	543,168

*In Pennsylvania, used but not owned, leased from The Lehigh Coal and Navigation Company but owned by the Nesquehoning Valley Railroad*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<b>I. ROAD</b>			
1	Engineering.....	\$39,966	\$39,966
3	Grading.....	288,070	286,822
6	Bridges, trestles and culverts.....	109,614	84,012
8	Ties.....	95,141	61,384
9	Rails.....	137,782	126,512
10	Other track material.....	58,624	46,964
11	Ballast.....	44,105	22,053
12	Tracklaying and surfacing.....	73,612	56,681
13	Right-of-way fences.....	763	382
15	Crossings and signs.....	23,671	21,230
16	Station and office buildings.....	10,936	6,770
17	Roadway buildings.....	13,545	7,736
18	Water stations.....	26,681	17,824
20	Shops and engine houses.....	3,811	2,493
26	Telegraph and telephone lines.....	151	138
27	Signals and interlockers.....	1,624	1,131
Total, 1, and 3 to 47, inclusive.....		928,096	782,098
<b>III. GENERAL EXPENDITURES</b>			
71	Organization expenses.....	13,921	11,694
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	56,521	47,478
76	Interest during construction.....	70,442	59,172
Total, 71 to 77, inclusive.....		127,963	107,672
Grand total, 1, and 3 to 77, inclusive.....		998,538	841,270

NOTE.—The summaries for the properties of Easton and Western, Trescow Railroad, and Wilkes-Barre and Scranton, used but not owned by the Central of New Jersey, in Pennsylvania, are given under the headings of their own names.

*Not allocated to States, wholly owned and used*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<b>I. ROAD</b>			
1	Engineering.....	\$50	\$50
16	Station and office buildings.....	1,173	586
Total, 1, and 3 to 47, inclusive.....		1,223	636
<b>II. EQUIPMENT</b>			
51	Steam locomotives.....	8,247,172	4,202,652
53	Freight-train cars.....	24,193,319	14,523,002
54	Passenger-train cars.....	5,831,059	4,070,873
56	Floating equipment.....	5,751,997	3,249,214
57	Work equipment.....	642,478	480,891
58	Miscellaneous equipment.....	1,918	1,175
Total, 51 to 58, inclusive.....		44,667,943	26,527,807
<b>III. GENERAL EXPENDITURES</b>			
71	Organization expenses.....	18	9
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	670,038	395,321
76	Interest during construction.....	670,056	395,330
Total, 71 to 77, inclusive.....		1,348,122	790,676
Grand total, 1, and 3 to 77, inclusive.....		45,339,222	26,923,773



*Used but not owned, leased from the New Jersey Zinc Company*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<b>II. EQUIPMENT</b>			
53	Freight-train cars.....	\$9,880	\$3,519
<b>III. GENERAL EXPENDITURES</b>			
76	Interest during construction.....	148	53
Grand total, 51 to 77, inclusive.....		10,028	3,572

## DOVER AND ROCKAWAY

*Owned but not used, leased to the Central of New Jersey*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<b>I. ROAD</b>			
1	Engineering.....	\$8,603	\$8,603
3	Grading.....	45,249	44,314
6	Bridges, trestles, and culverts.....	18,312	12,222
8	Ties.....	16,072	8,926
9	Rails.....	24,163	17,595
10	Other track material.....	11,824	7,773
11	Ballast.....	8,060	4,344
12	Tracklaying and surfacing.....	16,109	10,310
13	Right-of-way fences.....	76	38
15	Crossings and signs.....	12,815	10,406
16	Station and office buildings.....	17,557	9,448
18	Water stations.....	4,713	3,163
19	Fuel stations.....	280	69
20	Shops and engine houses.....	14,064	9,661
26	Telegraph and telephone lines.....	476	420
27	Signals and interlockers.....	1,407	1,010
Total, 1, and 3 to 47, inclusive.....		199,785	148,302
<b>III. GENERAL EXPENDITURES</b>			
71	Organization expenses.....	2,997	2,218
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	6,083	4,501
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		9,080	6,719
Grand total, 1, and 3 to 77, inclusive.....		208,865	155,021

HIBERNIA MINE RAILROAD

*Owned but not used, leased to the Central of New Jersey*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<b>I. ROAD</b>			
1	Engineering.....	\$4,715	\$4,715
3	Grading.....	22,522	21,825
6	Bridges, trestles, and culverts.....	18,036	10,887
8	Ties.....	12,955	6,540
9	Rails.....	17,832	12,494
10	Other track material.....	6,624	4,012
11	Ballast.....	5,201	3,030
12	Tracklaying and surfacing.....	12,271	7,485
13	Right-of-way fences.....	90	45
15	Crossings and signs.....	2,045	1,310
16	Station and office buildings.....	5,839	4,119
17	Roadway buildings.....	847	501
20	Shops and engine houses.....	281	175
26	Telegraph and telephone lines.....	173	161
27	Signals and interlockers.....	69	50
	Total, 1, and 3 to 47, inclusive.....	109,500	77,349
<b>III. GENERAL EXPENDITURES</b>			
71	Organization expenses.....		
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....	1,643	1,167
75	Taxes.....		
77	Other expenditures, general.....		
76	Interest during construction.....	3,334	2,367
	Total, 71 to 77, inclusive.....	4,977	3,534
	Grand total, 1, and 3 to 77, inclusive.....	114,477	80,883

OGDEN MINE RAILROAD

*Owned but not used, leased to the Central of New Jersey*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<b>I. ROAD</b>			
1	Engineering.....	\$11,853	\$11,853
3	Grading.....	94,429	94,301
6	Bridges, trestles and culverts.....	11,597	7,215
8	Ties.....	25,870	13,621
9	Rails.....	38,064	33,092
10	Other track material.....	12,473	8,899
11	Ballast.....	7,597	4,651
12	Tracklaying and surfacing.....	20,933	15,972
13	Right-of-way fences.....	612	307
15	Crossings and signs.....	842	603
16	Station and office buildings.....	16,583	12,446
17	Roadway buildings.....	20,656	7,023
18	Water stations.....	5,866	4,783
20	Shops and engine houses.....	6,947	5,926
26	Telegraph and telephone lines.....	921	781
	Total, 1, and 3 to 47, inclusive.....	275,243	220,573
<b>III. GENERAL EXPENDITURES</b>			
71	Organization expenses.....		
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....	4,129	3,303
75	Taxes.....		
77	Other expenditures, general.....		
76	Interest during construction.....	8,381	6,705
	Total, 71 to 77, inclusive.....	12,510	10,008
	Grand total, 1, and 3 to 77, inclusive.....	287,753	230,581

## THE LEHIGH COAL AND NAVIGATION COMPANY

*Owned but not used, leased to the Central of New Jersey*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
I. ROAD			
1	Engineering.....	\$653, 190	\$653, 190
3	Grading.....	5, 475, 252	5, 293, 350
5	Tunnels and subways.....	161, 255	160, 644
6	Bridges, trestles, and culverts.....	1, 762, 815	1, 373, 181
8	Ties.....	1, 191, 356	712, 854
9	Rails.....	1, 932, 376	1, 753, 676
10	Other track material.....	976, 234	723, 673
11	Ballast.....	523, 955	294, 787
12	Tracklaying and surfacing.....	891, 858	668, 848
13	Right-of-way fences.....	4, 065	2, 033
15	Crossings and signs.....	227, 000	173, 079
16	Station and office buildings.....	568, 837	367, 457
17	Roadway buildings.....	42, 820	25, 119
18	Water stations.....	150, 474	91, 026
19	Fuel stations.....	36, 892	23, 531
20	Shops and engine houses.....	656, 533	376, 277
26	Telegraph and telephone lines.....	6, 260	5, 503
27	Signals and interlockers.....	397, 396	278, 193
29	Power-plant buildings.....	126, 783	77, 795
45	Power-plant machinery.....	237, 032	120, 616
Total, 1, and 3 to 47, inclusive.....		16, 022, 383	13, 174, 832
III. GENERAL EXPENDITURES			
71	Organization expenses.....	240, 336	196, 993
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....		
76	Interest during construction.....	1, 463, 644	1, 199, 681
Total, 71 to 77, inclusive.....		1, 703, 980	1, 396, 674
Grand total, 1, and 3 to 77, inclusive.....		17, 726, 363	14, 571, 506

*In New Jersey, owned but not used, leased to the Central of New Jersey*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
I. ROAD			
1	Engineering.....	\$2, 826	\$2, 826
3	Grading.....	126	101
6	Bridges, trestles, and culverts.....	60, 264	44, 185
8	Ties.....	2, 269	1, 147
9	Rails.....	1, 184	1, 146
10	Other track material.....	1, 451	1, 190
11	Ballast.....	23	11
12	Tracklaying and surfacing.....	1, 131	803
15	Crossings and signs.....	32	25
26	Telegraph and telephone lines.....	22	20
27	Signals and interlockers.....	3	2
Total, 1, and 3 to 47, inclusive.....		69, 331	51, 456
III. GENERAL EXPENDITURES			
71	Organization expenses.....	1, 040	770
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....		
76	Interest during construction.....	6, 333	4, 686
Total, 71 to 77, inclusive.....		7, 373	5, 456
Grand total, 1, and 3 to 77, inclusive.....		76, 704	56, 912

*In Pennsylvania, owned but not used, leased to the Central of New Jersey*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<b>I ROAD</b>			
1	Engineering.....	\$650,364	\$650,364
3	Grading.....	5,475,126	5,293,249
5	Tunnels and subways.....	161,255	160,644
6	Bridges, trestles, and culverts.....	1,702,551	1,328,996
8	Ties.....	1,189,087	711,707
9	Rails.....	1,931,192	1,752,530
10	Other track material.....	974,733	722,483
11	Ballast.....	523,932	294,776
12	Tracklaying and surfacing.....	890,727	668,045
13	Right-of-way fences.....	4,065	2,033
15	Crossings and signs.....	226,968	173,054
16	Station and office buildings.....	568,837	367,457
17	Roadway buildings.....	42,820	25,119
18	Water stations.....	150,474	91,026
19	Fuel stations.....	36,892	23,531
20	Shops and engine houses.....	656,533	376,277
26	Telegraph and telephone lines.....	6,238	5,483
27	Signals and interlockers.....	397,393	278,191
29	Power plant buildings.....	126,783	77,795
45	Power-plant machinery.....	237,032	120,616
Total, 1, and 3 to 47, inclusive.....		15,953,052	13,123,376
<b>III GENERAL EXPENDITURES</b>			
71	Organization expenses.....	239,296	196,223
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	1,457,311	1,194,995
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		1,696,607	1,391,218
Grand total, 1, and 3 to 77, inclusive.....		17,649,659	14,514,594

**EASTON AND WESTERN**

*Owned but not used, leased to the Central of New Jersey*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
<b>I ROAD</b>			
1	Engineering.....	\$5,684	\$5,684
3	Grading.....	54,510	54,148
6	Bridges, trestles, and culverts.....	16,624	16,013
8	Ties.....	14,811	11,055
9	Rails.....	15,588	13,775
10	Other track material.....	6,772	5,478
11	Ballast.....	5,427	2,713
12	Tracklaying and surfacing.....	9,092	7,092
13	Right of way fences.....	675	452
15	Crossings and signs.....	2,375	1,916
17	Roadway buildings.....	422	166
Total, 1, and 3 to 47, inclusive.....		131,989	118,490
<b>III GENERAL EXPENDITURES</b>			
71	Organization expenses.....	1,980	1,782
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	4,019	3,617
76	Interest during construction.....		
Total, 71 to 77, inclusive.....		5,999	5,399
Grand total, 1, and 3 to 77, inclusive.....		137,988	123,889

## TRESKOW RAILROAD

*Owned but not used, leased to the Lehigh Coal and Navigation Company and by it subleased to the Central of New Jersey*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
I ROAD			
1	Engineering .....	\$10,814	\$10,81
3	Grading .....	64,255	62,63
6	Bridges, trestles and culverts .....	7,927	5,98
8	Ties .....	34,757	23,61
9	Rails .....	45,576	40,77
10	Other track material .....	19,489	14,59
11	Ballast .....	21,372	10,68
12	Tracklaying and surfacing .....	27,990	20,71
15	Crossings and signs .....	1,379	1,11
16	Station and office buildings .....	4,686	2,52
17	Roadway buildings .....	1,384	52
18	Water stations .....	3,866	1,52
19	Fuel stations .....	1,869	93
20	Shops and engine houses .....	3,115	62
27	Signals and interlockers .....	2,645	1,44
	Total, 1, and 3 to 47, inclusive .....	251,124	198,50
III GENERAL EXPENDITURES			
71	Organization expenses .....	3,767	2,97
72	General officers and clerks .....		
73	Law .....		
74	Stationery and printing .....		
75	Taxes .....		
77	Other expenditures, general .....	7,647	6,04
76	Interest during construction .....		
	Total, 71 to 77, inclusive .....	11,414	9,01
	Grand total, 1, and 3 to 77, inclusive .....	262,538	207,52

## WILKES-BARRE AND SCRANTON

*Owned but not used, leased to the Lehigh Coal and Navigation Company and by it subleased to the Central of New Jersey*

Account	Classes	Cost of reproduction new	Cost of reproduction less depreciation
I ROAD			
1	Engineering .....	\$39,096	\$39,09
3	Grading .....	431,329	416,14
6	Bridges, trestles, and culverts .....	163,181	81,87
8	Ties .....	35,104	21,93
9	Rails .....	45,910	42,54
10	Other track material .....	30,857	23,35
11	Ballast .....	15,820	8,98
12	Tracklaying and surfacing .....	26,415	20,07
13	Right of way fences .....	461	23
15	Crossings and signs .....	29,603	20,13
16	Station and office buildings .....	112,520	80,23
17	Roadway buildings .....	396	16
18	Water stations .....	5,817	4,31
19	Fuel stations .....	16,155	14,07
20	Shops and engine houses .....	61,625	54,83
26	Telegraph and telephone lines .....	317	20
27	Signals and interlockers .....	4,432	2,90
32	Power-distribution systems .....	80	6
	Total, 1, and 3 to 47, inclusive .....	958,998	830,72
III GENERAL EXPENDITURES			
71	Organization expenses .....	14,385	12,51
72	General officers and clerks .....		
73	Law .....		
74	Stationery and printing .....		
75	Taxes .....		
77	Other expenditures, general .....	43,802	38,10
76	Interest during construction .....		
	Total, 71 to 77, inclusive .....	58,187	50,62
	Grand total, 1, and 3 to 77, inclusive .....	1,017,185	881,34

## APPENDIX 2

## CENTRAL OF NEW JERSEY

## INTRODUCTORY

The Central of New Jersey is a corporation of the State of New Jersey, having its principal office at Jersey City, N. J. The present company, which dates from April 1, 1849, is the successor by change of name of The Somerville and Easton Railroad Company, which was incorporated in 1847. The capital stock of the latter company was adopted by the Central of New Jersey and the accounts were continued as if for a single continuous corporation. For the purposes of this report, they are considered as one corporation. The Pennsylvania Company or Insurance on Lives and Granting Annuities, as trustee, under a trust deed of the Reading Company, holds a majority of the outstanding shares of the capital stock of the Central of New Jersey.

On the other hand, the Central of New Jersey controls through ownership of its entire capital stock the Easton and Western Railroad Company, which it operates.

The property of the Central of New Jersey was operated by its own organization from April, 1849, to February 14, 1877, on which day a receiver was appointed who operated the property until May 26, 1883. On the last-named date the Central of New Jersey resumed the management and operation of its property. This condition was of short duration, however, and on May 29, 1883, the property was leased to the Philadelphia and Reading Railroad Company, which operated until January 1, 1887, at which time receivers were appointed, and the property was operated under their jurisdiction for the year 1887. On December 31, 1887, the Central of New Jersey again resumed the management and operation of its property, and this condition continued until December 31, 1917. On January 1, 1918, the property devoted to common-carrier purposes was taken over for operation by the United States Railroad Administration, and is so operated on a rate of valuation.

## CORPORATE HISTORY

The Central of New Jersey was incorporated by special act of New Jersey, approved February 26, 1847, as The Somerville and Easton Railroad Company. On April 1, 1849, the name was changed to the Central Railroad Company of New Jersey by authority of a special act approved February 22, 1849. Other acts supplementary to the one of incorporation were approved March 17, 1854; March 23, 1859; February 23, 1860; February 23, 1863; March 11, 1863; April 1, 1865; March 5, 1886; March 17, 1870; March 28, 1872; and March 21, 1874. The Somerville and Easton Railroad Company was organized June 14, 1847, and the first meeting of the stockholders following the change of name was held May 1, 1849.

The Central of New Jersey is the immediate successor to the franchises and rights of property of 32 other corporations which comprise the line of corporate succession culminating in the Central of New Jersey as at present constituted.

The following chart shows the names of the corporations, the respective dates of incorporation, and for each predecessor the date of succession, the immediate succeeding corporation, and the manner of succession. Reference to each of these corporations is made in the last column by its respective number shown in the first column.

No.	Name	Incorporation	Succession
1	The Central Railroad Company of New Jersey.	(See 2.)	
2	The Somerville and Easton Railroad Company.	Special act of New Jersey, Feb. 26, 1831.	Name changed to 1, Apr. 1, 1849.
3	The Elizabethtown and Somerville Railroad.	Special act of New Jersey, Feb. 9, 1831.	Conveyed to 2, Apr. 1, 1849.
4	The Perth Amboy and Elizabethport Railroad Company.	Special act of New Jersey, Mar. 30, 1869.	Conveyed to 1, Sept. 30, 1873.
5	The Newark and New York Railroad Company.	Special acts of New Jersey, Mar. 1, 1866, and Mar. 17, 1870.	Merged into 1, Oct. 10, 1873.
6	The Constables' Hook Railroad Company.	General laws of New Jersey, June 15, 1832.	Merged into 1, Dec. 5, 1887.
7	The Manufacturers' Railroad Company.	General laws of New Jersey, Apr. 2, 1873.	Merged into 1, Dec. 5, 1887.
8	The High Bridge Railroad Company.	Special act of New Jersey, Mar. 22, 1872.	Merged into 1, Dec. 29, 1887.
9	The Longwood Valley Railroad Company.	Special act of New Jersey, Apr. 3, 1867.	Merged into 1, Dec. 30, 1887.
10	The Lake Hopatcong Railroad Company.	General laws of New Jersey, Jan. 19, 1882.	Merged into 1, Dec. 31, 1887.
11	The South Branch Railroad Company.	Special act of New Jersey, Mar. 14, 1861.	Merged into 1, Dec. 15, 1888.
12	The Buena Vista Railroad Company.	General laws of New Jersey, July 20, 1889.	Merged into 1, Oct. 16, 1917.
13	The Carteret and Sewaren Railroad.	General laws of New Jersey, Dec. 6, 1890.	Merged into 1, Oct. 16, 1917.
14	The Carteret Extension Railroad Company.	General laws of New Jersey, Jan. 5, 1889.	Merged into 1, Oct. 16, 1917.
15	Cumberland and Maurice River Railroad Company.	General laws of New Jersey, Mar. 25, 1875.	Merged into 1, Oct. 16, 1917.
16	Bridgeton and Port Norris Railroad Company.	Special act of New Jersey, Mar. 27, 1866.	Sold at foreclosure, Nov. 30, 1878, and conveyed to 15, Jan. 3, 1879.
17	Cumberland and Maurice River Extension Railroad Company.	General laws of New Jersey, Jan. 13, 1887.	Merged into 1, Oct. 16, 1917.
18	The Elizabeth Extension Railroad Company.	General laws of New Jersey, May 29, 1889.	Merged into 1, Oct. 16, 1917.
19	The Freehold and Atlantic Highlands Railroad.	General laws of New Jersey, Jan. 23, 1890.	Merged into 1, Oct. 16, 1917.
20	The Atlantic Highlands Railroad Company.	General laws of New Jersey, May 13, 1889.	Consolidated Jan. 23, 1890, with 22, to form 19.
21	The New York and Atlantic Highlands Railroad Company.	General laws of New Jersey, Apr. 21, 1890.	Sold at foreclosure Dec. 1889, and conveyed to 20, Jan. 8, 1890.
22	The Freehold and Keyport Railroad Company.	General laws of New Jersey, Jan. 10, 1890.	Consolidated Jan. 23, 1890, with 20, to form 19.
23	The Keyport Railroad Company.	General laws of New Jersey, Nov. 23, 1888.	Consolidated Jan. 10, 1890, with 24, to form 22.
24	The Freehold and New York Railroad Company.	General laws of New Jersey, Dec. 1, 1888.	Consolidated Jan. 10, 1890, with 23, to form 22.
25	The Freehold and New York Railway Company.	General laws of New Jersey, June 29, 1877.	Sold at foreclosure Sept. 25, 1888. Conveyed to 24 on Nov. 3, 1888.
26	The Monmouth County Agricultural Railroad Company.	Special act of New Jersey, Apr. 5, 1867.	Conveyed to 25, July 3, 1877.
27	The Lafayette Railroad Company.	General laws of New Jersey, June 11, 1889.	Merged into 1, Oct. 16, 1917.
28	The Manufacturers Extension Railroad Company.	General laws of New Jersey, Feb. 12, 1889.	Merged into 1, Oct. 16, 1917.
29	The Middlebrook Railroad Company.	General laws of New Jersey, Feb. 1, 1899.	Merged into 1, Oct. 16, 1917.
30	The Middle Valley Railroad Company.	General laws of New Jersey, May 26, 1897.	Merged into 1, Oct. 16, 1917.
31	The Navesink Railroad Company.	General laws of New Jersey, Oct. 7, 1891.	Merged into 1, Oct. 16, 1917.
32	The New Jersey Southern Railway Company.	General laws of New Jersey, July 30, 1879.	Merged into 1, Oct. 16, 1917.
33	New Jersey Southern Railroad Company.	See 34.	Sold at foreclosure Mar. 31, 1879, conveyed to 32, July 15, 1879.
34	Long Branch and Sea Shore Railroad Company.	Special act of New Jersey, Mar. 20, 1863.	Sold at foreclosure Mar. 31, 1879, conveyed to 32, July 15, 1879.
35	Raritan and Delaware Bay Railroad Company (1869).	General laws of New Jersey, Sept. 18, 1869.	Name changed to 33, Feb. 16, 1870.
36	The Raritan and Delaware Bay Railroad.	Special act of New Jersey, Mar. 3, 1854.	Sold at foreclosure Sept. 14, 1869; reorganized on same date as 34.
37	New Jersey Terminal Railroad Company.	General laws of New Jersey, Oct. 17, 1901.	Merged into 1, Oct. 16, 1917.
38	The Passaic River Extension Railroad Company.	General laws of New Jersey, July 8, 1890.	Merged into 1, Oct. 16, 1917.
39	The Raritan North Shore Railroad Company.	General laws of New Jersey, June 20, 1890.	Merged into 1, Oct. 16, 1917.

No.	Name	Incorporation	Succession
40	The Sound Shore Railroad Company.	General laws of New Jersey, Oct. 26, 1894.	Merged into 1, Oct. 16, 1917.
41	The Toms River Railroad Company.	General laws of New Jersey, Sept. 20, 1881.	Merged into 1, Oct. 16, 1917.
42	The Toms River and Barnegat Railroad Company.	General laws of New Jersey, Jan. 26, 1893.	Merged into 1, Oct. 16, 1917.
43	Ralph B. Gowdy and others....	Acquired as individuals Aug. 30, 1873.	Conveyed to 42, Jan. 27, 1893.
44	Toms River and Waretown Railroad Company.	Special act of New Jersey, Mar. 17, 1870.	Sold at foreclosure Aug. 30, 1873, and conveyed to 43; by 43 conveyed to 42 Jan. 27, 1893.
45	The Vineland Railroad Company.	General laws of New Jersey, Apr. 20, 1877.	Merged into 1, Oct. 16, 1917.
46	The Vineland Railway Company.	Special act of New Jersey, Mar. 14, 1887.	Sold at foreclosure July 2, 1873, and conveyed to 45, Mar. 23, 1880.
47	The Vineland Branch Railroad Company.	General laws of New Jersey, Feb. 13, 1909.	Merged into 1, Oct. 16, 1917.
48	The West End Railroad Company.	General laws of New Jersey, Apr. 29, 1878.	Merged into 1, Oct. 16, 1917.
49	The West Side Connecting Railroad Company.	General laws of New Jersey, Jan. 16, 1889.	Merged into 1, Oct. 16, 1917.

## DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The owned mileage of the Central of New Jersey, 384.855 miles, was acquired either by purchasing and merging other railroad properties or by construction. The Central of New Jersey's records show that it acquired 324.768 miles by purchase and merger and 54.450 miles by construction, a total of 379.218 miles, making a difference of 5.637 miles between the mileage inventoried by us and that shown in the records of the company.

*Purchase and merger.*—Of the 48 companies that comprise the line of succession culminating in the Central of New Jersey as at present constituted, 10 corporations did not construct any road or other common-carrier property. These companies were:

- The Cumberland and Maurice River Railroad Company.
- The Freehold and Atlantic Highlands Railroad Company.
- Freehold and Keyport Railroad Company.
- The Freehold and New York Railroad Company.
- New Jersey Southern Railway Company.
- New Jersey Southern Railroad Company.
- Raritan and Delaware Bay Railroad Company (1869).
- The Toms River Railroad Company.
- The Toms River and Barnegat Railroad Company.
- The Vineland Railroad Company.

The Perth Amboy and Elizabethport Railroad Company and the Monmouth County Agricultural Railroad Company did not complete any railroad property. The property constructed by the remaining corporations, together with the Central of New Jersey, the years when the various portions of the lines were constructed, and the manner in which the latter acquired the property, are indicated in the following table, wherein to facilitate comparison with the table showing the corporate succession previously given the same order of corporations is maintained.

Acquired by construction:	Mileage
Somerville to Whitehouse, N. J., 1848.....	9. 500
Whitehouse to Phillipsburg, N. J., 1852.....	28. 000
Elizabeth to Jersey City, N. J., 1864.....	11. 500
Elizabethport to Brills Junction, N. J., 1872.....	5. 450
	54. 450



## Acquired by purchase and merger:

From The Elizabethtown and Somerville Railroad Company, Apr. 1, 1849, constructed by that company—	
Elizabethtown to Elizabeth (formerly Elizabethtown), 1836.....	2. 250
Elizabeth to Plainfield, N. J., 1839.....	11. 500
Plainfield to Bound Brook, 1840.....	6. 750
Bound Brook to Somerville, 1842.....	5. 000
	25. 500
From The Perth Amboy and Elizabethtown Railroad Company, Sept. 30, 1873, constructed partly by that company, completed by the Central of New Jersey, Elizabethtown to Perth Amboy, N. J., 1871-1873.....	12. 099
From The Newark and New York Railroad Company, Oct. 10, 1873; constructed by that company, Communipaw to Broad Street, Newark, N. J., 1869.....	6. 190
From The Constables' Hook Railroad Company, Dec. 5, 1887; constructed by that company, Twenty-second Street Station, Bayonne, N. J., to a point on the Kill von Kull, Constables' Hook, N. J., 1883.....	1. 950
From The Manufacturers Railroad Company, Dec. 5, 1887; constructed by that company, Brills Junction to Passaic River, Newark, 1882.....	1. 680
From The High Bridge Railroad Company, Dec. 29, 1887, constructed by that company—	
High Bridge to Chester, N. J., including branches, 1876.....	21. 58
Less road abandoned.....	1. 24
	20. 340
From The Longwood Valley Railroad Company, Dec. 30, 1887; constructed by that company, Wharton to German Valley, N. J., 1876.....	10. 960
From The Lake Hopatcong Railroad Company, Dec. 31, 1887; constructed by that company, Hopatcong Junction to Lake Hopatcong, N. J., 1882.....	5. 350
From The South Branch Railroad Company, Dec. 15, 1888; constructed by that company, Somerville to Flemington, N. J., 1862.....	15. 723
From The Buena Vista Railroad Company, Oct. 16, 1917; constructed by that company, Greenwich to Greenwich Pier, N. J., 1890.....	1. 000
From The Carteret and Sewaren Railroad Company, Oct. 16, 1917; constructed by that company, center line of bridge over Nose Creek to end of line, 1891 (the records indicate that this road was partly constructed under the charter of the Carteret Extension Railroad Company).....	1. 220
From The Carteret Extension Railroad Company, Oct. 16, 1917, constructed by that company—	
East Rahway to Carteret, N. J., 1889.....	1. 780
Less road transferred in 1897 to The Carteret and Sewaren Railroad Company.....	. 08
	1. 700
From the Cumberland and Maurice River Railroad Company, Oct. 16, 1917; construction by the Bridgeton and Port Norris Railroad Company, Bridgeton to Bivalve, N. J., 1872.....	21. 303

Acquired by purchase and merger—Continued.	Mileage
From the Cumberland and Maurice River Extension Railroad Company, Oct. 16, 1917; constructed by that company, Bridgeton Junction to Bridgeton, N. J., 1887.....	1. 010
From The Elizabeth Extension Railroad Company, Oct. 16, 1917; constructed by that company, Great Island, N. J., to end of line, 1889.....	1. 620
From The Freehold and Atlantic Highlands Railroad Company, Oct. 16, 1917—	
Constructed by The New York and Atlantic Highlands Railroad Company; Atlantic Highlands to Belfore, N. J., 1883.....	2. 80
Constructed by The Atlantic Highlands Railroad Company, Belford to Lorillard, N. J.....	3. 80
Constructed by The Keyport Railroad Company, Keyport to Lorillard, N. J., 1889.....	2. 50
Partly constructed by the Monmouth County Agricultural Railroad Company, completed by The Freehold and New York Railway Company—	
Freehold to Matawan, N. J., 1877.....	12. 0
Matawan to Keyport, N. J., 1880.....	1. 7
Keyport to Keyport Pier, N. J., 1881.....	0. 5
	14. 20
	23. 30
Less an unexplained difference of.....	0. 63
	22. 670
From The Lafayette Railroad Company, Oct. 16, 1917; constructed by that company, in Jersey City, N. J., 1890-1892.....	. 650
From the Manufacturers Extension Railroad Company, Oct. 16, 1917, constructed by that company, Cornelia Street, Newark, N. J., to end of line, 1889.....	1. 230
From The Middle Brook Railroad Company, Oct. 16, 1917; constructed by that company, Bound Brook to end of line, 1900....	1. 950
From The Middle Valley Railroad Company, Oct. 16, 1917; constructed by that company, Middle Valley to end of line, 1897..	1. 338
From the Navesink Railroad Company, Oct. 16, 1917; constructed by that company, Atlantic Highland Pier to Highland Beach Station, N. J., including spur, 1892.....	4. 630
From The New Jersey Southern Railway Company, Dec. 15, 1888—	
Constructed by The Raritan and Delaware Bay Railroad Company—	
Port Monmouth Pier to Lakewood, N. J., 1860.....	26. 00
Eatontown to Long Branch, N. J., 1860....	5. 00
Lakewood to Atsion, N. J., 1862.....	38. 00
Lakehurst to Toms River, N. J., 1866.....	7. 50
	76. 50
Constructed by the Long Branch and Sea Shore Railroad Company—	
Long Branch to Spermacite Cove, N. J., 1865.....	8. 00
Spermacite Cove to Horse Shoe Cove, N. J., 1870.....	2. 50
	10. 50

## Acquired by purchase and merger—Continued.

From The New Jersey Southern Railway Company,

Dec. 15, 1888—Continued.

	Mileage
Constructed under charter of the Camden and Atlantic Railroad Company, Atsion to Atco, N. J.-----	9. 30
	<u>96. 30</u>
Less road abandoned-----	20. 50
	<u>75. 500</u>
From the New Jersey Terminal Railroad Company, Oct. 16, 1917; constructed by that company, Reformatory to Williams and Clark Station, N. J., including branch, 1902-----	5. 610
From The Passaic River Extension Railroad Company, Oct. 16, 1917; constructed by that company, Newark Transfer, N. J., along Avenue R, Newark, 1916-----	. 700
From The Raritan North Shore Railroad Company, Oct. 16, 1917; constructed by that company, Perth Amboy, N. J., to end of line, 1894-1896-----	1. 702
From The Sound Shore Railroad Company, Oct. 16, 1917; con- structed by that company, Bayway to Williams and Clark Sta- tion, N. J., including branches, 1894-1896-----	6. 170
From The Toms River Railroad Company, Oct. 16, 1917; con- structed by The Raritan and Delaware Bay Railroad Company, 1866, a part of road extending from Lakehurst to Toms River, N. J., conveyed to The Toms River Railroad Company, Aug. 29, 1881-----	7. 500
From The Toms River and Barnegat Railroad Company, Oct. 16, 1917; constructed by—	
Toms River and Waretown Railroad Company, Toms River to Waretown, N. J., 1872-----	13. 00
Ralph B. Gowdy and others, Waretown to Barnegat, N. J., 1879-----	1. 80
	<u>14. 80</u>
Less an unexplained reduction of-----	. 09
	<u>14. 710</u>
From the Vineland Railroad Company, Oct. 16, 1917; con- structed by the Vineland Railway Company—	
Atsion to Vineland, N. J., 1870-----	24. 545
Vineland to Bayside, N. J., 1871-----	22. 238
	<u>46. 783</u>
From The Vineland Branch Railroad Company, Oct. 16, 1917; constructed by The Vineland Branch Railroad Company, Bowen- town to Bridgeton, N. J., 1910-----	3. 620
From The West End Railroad Company, Oct. 16, 1917; con- structed by that company, East Long Branch to West End, N. J., 1878-----	1. 420
From The West Side Connecting Railroad Company, Oct. 16, 1917; constructed by that company, in Jersey City, N. J., 1895-96--	. 940
Total-----	379. 218
Difference between total recorded mileage and mileage inven- toried-----	5. 637
Mileage inventoried as of date of valuation-----	384. 855

149 I. C. C.

## HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—Since the Central of New Jersey succeeded the Somerville and Easton by the change of name, acquired its assets, assumed its liabilities, adopted its capital stock, and continued its books as for a single continuous corporation, the financial transactions of the two companies are herein combined.

On February 23, 1878, during a period of receivership, a plan was proposed for the adjustment of the Central of New Jersey's financial obligations without a foreclosure. This plan provided for an issue of 25-year, 7 per cent, mortgage bonds for the purpose of settling interest matured and unpaid and for other general purposes. The shareholders were required to purchase these securities for cash, at par, to the extent of 10 per cent of holdings. It also provided for an issue of 30-year, 7 per cent, noncumulative income bonds. The shareholders were required to surrender 1 share out of every 10 held in exchange, par for par, for the income bonds.

On June 3, 1887, during the period of another receivership, a plan was proposed for an adjustment of its financial obligation to avoid a foreclosure. This plan provided for the issue of 100-year, 5 per cent, general-mortgage bonds for the purpose of settling matured interest charges, funding the floating debt, refunding the bonded obligations into a single long-term issue with a lower interest rate, and for other general purposes. To aid the Central of New Jersey in such an undertaking the reorganization committee formed a syndicate to purchase \$12,000,000 of the general-mortgage bonds, for which the syndicate was to receive a commission of 2 per cent.

*Capitalization.*—From the date of incorporation of the Somerville and Easton on February 26, 1847, to the date of valuation of the Central of New Jersey, the two corporations issued and assumed capital stock and funded debt, as disclosed by their records, aggregating \$139,292,757.40, of which \$76,357,631.60 is actually outstanding and \$3,567,000 held by or for the Central of New Jersey on date of valuation, as summarized in the following table.

Classification	Issued or assumed	Retired or held by or for the Central of New Jersey	Actually outstanding
Capital stock, par value:			
Issued.....	\$29,496,800.00	\$2,060,000.00	\$27,436,800.00
Stock liability for conversion, assumed.....	14,556.80	14,256.80	300.00
Total.....	29,511,356.80	2,074,256.80	27,437,100.00
Funded debt:			
Issued.....	98,368,620.00	54,439,800.00	43,928,820.00
Assumed.....	11,412,780.60	6,421,069.00	4,991,711.60
Total.....	109,781,400.60	60,860,869.00	48,920,531.60
Grand total.....	139,292,757.00	62,935,125.60	76,357,631.60

The securities held by or for the Central of New Jersey consist of funded debt held in the treasury in the par value of \$3,567,000. Of this amount \$1,167,000 represents general-mortgage 100-year, 5 per cent bonds and \$2,400,000 represents equipment 4½ per cent bonds, series G, dated May 31, 1916.

*Capital stock.*—The Central of New Jersey has issued and reacquired capital stock in exchange for the following considerations:

Par value	Consideration	Recorded amount
<i>Issued</i>		
\$22,720,368.88	Cash (premium \$60,160).....	\$22,780,528.88
513,850.00	Construction or property.....	513,850.00
2,068,000.00	Funded debt retired, par, value:	
	Elizabethtown and Somerville "bonds payable".....	\$85,000
	Second-mortgage convertible bonds.....	892,000
	Income-mortgage bonds.....	81,000
	30-year convertible bonds.....	368,000
	25-year convertible.....	642,000
157,000.00	Notes payable retired.....	2,068,000.00
		157,000.00
25,459,218.88	Total issued for considerations.....	25,519,378.88
30,000.00	Issued to contractor as a "bonus" and charged to investment in road and equipment account.	
2,966,491.12	Issued as stock dividends.	
1,041,090.00	Issued as treasury stock.	
	Issued to treasury \$809,060.	
	Issued in exchange for treasury bonds \$232,000.	
29,496,800.00	Total par value issued.	
<i>Reacquired</i>		
\$2,060,000.00	Funded debt issued under the plan of adjustment dated Feb. 23, 1869.	
	Income 30-year 7 per cent noncumulative bonds, par value.....	2,060,000.00
9,550.00	Cash (\$140 less than par).....	9,410.00
5,600.00	Investment securities disposed of, book value.....	5,600.00
3,960.00	Indeterminable.....	3,960.00
2,079,110.00	Total reacquired for considerations.....	2,078,970.00
<i>Resold</i>		
\$19,110.00	Resold in connection with the issue of treasury stock, as detailed in the next succeeding tabulation.	
<i>Retired</i>		
\$2,060,000.00		
<i>Outstanding</i>		
\$27,436,800.00		

The treasury stock, amounting to \$1,041,090 par value, was disposed of together with \$19,110 par value of stock which the Central of New Jersey had reacquired. The consideration received in the issue and resale of this stock follows:

Par value	Consideration	Recorded amount
\$887,750	Cash (premium \$72,480.36, discount \$22,039).....	\$937,291.36
28,100	Construction or property.....	28,100.00
136,450	Issued in payment of dividends.....	136,450.00
4,500	Issued for services and charged to income.....	4,500.00
3,000	Advanced to the American Dock and Improvement Company.....	3,000.00
400	Indeterminable.....	400.00
1,060,200	Total disposed of for considerations.....	1,109,741.36

In the acquisition of the properties of others, the Central of New Jersey assumed the liability for the conversion of their outstanding capital stock and scrip, as follows:

Par value	Consideration	Recorded amount
<i>Assumed</i> \$14,556 80	Property acquired, part payment.....	\$14,556.80
<i>Reacquired and retired</i> \$14,256 80 300.00	Cash..... Securities outstanding. (Included in general balance sheet account Funded Debt Matured Unpaid.)	15,400.00

The stock dividends declared were charged in the accounts as follows:

Investment in road and equipment account.....	\$2,000,000.00
Profit and loss.....	962,741.12
Income.....	3,750.00
<b>Total.....</b>	<b>2,966,491.12</b>

The Central of New Jersey's distribution of the premium realized from the sale of capital stock and the necessary adjustments to bring to par the stock reacquired at a cost in excess of its par value, together with \$1,610 of expenses paid, follows:

	Profit and loss	Income	Investment securities	Investment in road and equipment account
Stock issued:				
Premium credited.....	\$60,160 00			
Expenses charged.....	1,610 00			
Stock reacquired				
Excess of par value over cost to acquire, credited.....		\$177 50		
Excess of cost of acquiring over par value reacquired, charged.....		37 50		
Treasury stock issued and resold				
Premium or profit credited.....	49,621 04	22,563 38	\$9,295 94	
Discount or loss charged.....	22,914 00	25 00		
Stock liability converted, excess of cost of acquiring over par value acquired charged.....	343 20			\$800
Total debits.....	24,867 20	62 50		800
Total credits.....	109,781 04	22,740 88	9,295 94	

*Funded debt.*—The Central of New Jersey has issued, assumed, and reacquired funded debt in exchange for the following considerations:

Par value	Consideration	Recorded amount
<i>Issued or assumed</i> \$53,631,311.54	Cash (net discount \$487,341.53).....	\$53,143,970.01
13,283,530.60	Construction or property.....	13,283,530.60
2,060,000.00	Capital stock reacquired at par value.....	2,060,000.00
26,205,100.00	Funded debt reacquired (discount \$1,762,700) par value.....	24,442,400.00
350,000.00	Notes payable retired.....	350,000.00
600,000.00	Issued to the Philadelphia and Reading in part settlement of accounts.....	600,000.00
187,700.00	Investment securities acquired.....	187,700.00
4,809,138.46	Issued in settlement of matured interest.....	4,809,138.46
95,000.00	Issued as advances to the Communiapaw Coal Company.....	95,000.00
4,000.00	Issued for services and charged to expenses.....	4,000.00
1,620.00	Indeterminable.....	1,620.00
101,227,400.60	Total issued or assumed for considerations.....	98,977,359.07
4,987,000.00	Assumed in Mar. 1918 and charged to profit and loss.	
106,214,400.60	Total par value issued.	

Par value	Consideration	Recorded amount
<i>Reacquired</i>		
\$31,421,469 00	Cash (\$24,725 68 in excess of par value).....	\$31,446,194 68
24,442,400 00	Funded debt issued.....	24,442,400 00
2,068,000 00	Capital stock issued.....	2,068,000 00
5,000 00	Indeterminable.....	5,000 00
57,936,869 00	Total reacquired for considerations .....	57,961,594 68
<i>Resold</i>		
\$493,000 00	Cash .....	493,000 00
150,000 00	Notes payable retired.....	150,000 00
643,000 00	Total resold.....	643,000 00
<i>Retired</i>		
\$57,293,869 00		
<i>Outstanding</i>		
\$48,920,531 60	Securities actually outstanding, of which \$9,531 60 are matured and un- paid and \$48,911,000 are unmatured	

In addition to the items composing the difference of \$7,237,041 53 between the par value of funded debt issued and the recorded amounts received therefor, other items of commissions and expenses aggregating \$152,022.50 were paid. The Central of New Jersey's distribution of these amounts, \$7,389 064 03, together with the necessary adjustments to bring to par the securities reacquired at costs greater or less than par, was as follows:

	Investment in road and equipment account	Investment securities	Profit and loss
Securities issued			
Premium credited.....			\$1,497,299 68
Discount charged.....		\$584,792 26	2,922,548 20
Commission and expenses charged.....	\$90,860 00		301,163 25
Securities assumed, par value of bonds of American Dock and Improvement Company, charged.....			4,987,000 00
Securities reacquired			
Excess of cost of acquiring over par value acquired, charged.....			69,643 48
Excess of par value reacquired over cost of acquiring, credited.....			44,917 80
Total debits.....	90,860 00	584,792 26	8,280,354 93
Total credits.....			1,542,217 48

A statement of the funded debt outstanding as of date of valuation follows:

Unmatured:

Issued—

General mortgage, 100-year 5 per cent bonds.....	\$43,924,000 00
Adjustment bond scrip, debenture bond scrip, and in- come bonds.....	820 00
Total.....	43,924,820 00
Assumed, American Dock and Improvement Company's first-mortgage 5 per cent bonds, due July 1, 1921.....	4,987,000 00
Total unmaturred.....	48,911,820 00

149 I. C. C.

Matured but unpaid:

Issued—

Consolidated-mortgage, 25-year 7 per cent bonds.....	\$3, 000. 00
Equipment bonds, series "C," dated Apr. 1, 1903.....	1, 000. 00
Total.....	4, 000. 00

Assumed—

Toms River Branch bonds.....	671. 00
New Jersey Southern Railroad Company's first-mortgage bonds.....	3, 440. 60
New Jersey Southern Railway Company's first-mortgage bonds.....	600. 00
Total.....	4, 711. 60

Grand total..... 48, 920, 531. 60

In addition to the capital stock and funded debt already described the Central of New Jersey issued or assumed real-estate mortgages to the amount of \$880,140.36, all of which have been retired. The recorded considerations received in the issue and given in the retirement follow:

Issued or assumed	Consideration	Retired
\$1, 400. 00	Cash.....	\$820, 140. 36
862, 490. 36	Property acquired: Road.....	
9, 250. 00	Miscellaneous physical property.....	60, 000. 00
7, 000. 00	Property disposed of.....	
	Assumed in behalf of Communipaw Central Land Company and charged to an open account.....	
880, 140. 36	Total.....	880, 140. 36

*Short-term notes.*—The Central of New Jersey issued and assumed short-term notes for temporary financing to the amount of \$95,532,676.15 face value, of which \$1,050,000 was renewals of due notes. Of the balance of \$94,482,676.15 there has been retired \$88,982,676.15, leaving \$5,500,000 outstanding. The recorded considerations received in the issue and retirement of these notes follow:

Issued or assumed	Consideration	Retired
\$88, 778, 193. 45	Cash.....	\$86, 260, 707. 40
1, 067, 983. 86	Construction or property.....	
40, 000. 00	Investment in securities acquired: American Dock and Improvement Company stock.....	7, 968. 75
996, 616. 66	Honey Brook Coal Company stock.....	
370, 068. 94	Lehigh and Wilkes-Barre Coal Company stock.....	
140, 000. 00	Wilkes-Barre Coal and Iron Company stock.....	
	Lehigh and Wilkes-Barre Coal Company bonds.....	
	Capital stock issued.....	157, 000. 00
	Equipment bonds, series "C" issued.....	350, 000. 00
	Equipment bonds, series "A" reissued.....	150, 000. 00
1, 247, 000. 00	Advanced to the Lehigh and Wilkes-Barre Coal Company.....	
1, 837, 500. 00	Receiver's notes assumed in 1882, together with their other liabilities assumed and assets acquired.....	
5, 313. 24	Issued in settlement of a claim and charged to profit and loss.....	
	Transferred to and settled through an account styled "Receivers' Liabilities" the actual considerations were not obtainable.....	2, 057, 000. 00
94 482, 676. 15	Total.....	88, 982, 676. 15
<i>Outstanding</i> \$5, 500, 000		



## RESULTS OF CORPORATE OPERATIONS

The results of corporate operations, as shown in the income and profit and loss accounts of the Central of New Jersey and the United States Railroad Administration, are given below:

*Income statement of the Central of New Jersey.*—A condensed summary of the income accounts from the year ending on December 31, 1917, and for the period April, 1849, to date of valuation follows:

	Year	Period
<b>Operating income:</b>		
Railway operating revenues—		
Freight.....	\$27,102,318.98	-----
Passenger.....	6,642,579.70	-----
All other revenues.....	3,351,840.64	-----
Total railway operating revenues.....	37,096,739.32	\$730,105,572.89
Railway operating expenses—		
Maintenance of ways and structures.....	3,109,100.58	-----
Maintenance of equipment.....	6,686,132.61	-----
Traffic.....	369,756.00	-----
Transportation, rail line.....	15,134,189.53	-----
Transportation, water line.....	106,701.27	-----
Miscellaneous operations.....	217,623.11	-----
General.....	801,647.28	-----
Transportation for investment Cr.....	12,198.20	-----
Total railway operating expenses.....	26,412,852.68	437,401,979.45
Net revenue from railway operations.....	10,683,886.64	292,703,593.44
Railway tax accruals.....	2,386,875.54	24,753,635.86
Uncollectible railway revenues.....	5,770.05	52,838.58
Railway operating income.....	8,291,241.05	267,897,119.00
Revenue from miscellaneous operations.....		1,503,993.36
Expenses of miscellaneous operations.....		1,890,749.60
Net revenue (loss) from miscellaneous operations.....		386,756.24
Total operating income.....	8,291,241.05	267,510,362.76
<b>Nonoperating income:</b>		
Hire of equipment.....	132,448.71	801,451.34
Joint-facility rent income.....	269,553.34	1,390,352.93
Income from lease of road—		
Estimated rental due from the United States		
Railroad Administration for six months ended		
on date of valuation.....	\$4,676,057.64	
Other rents from lease of road.....	14,789,134.94	
		19,465,192.58
Miscellaneous rent income.....	304,185.67	2,577,693.58
Miscellaneous nonoperating physical property.....	110,050.39	598,592.25
Dividend income.....	2,958,935.11	14,354,722.36
Income from funded securities.....	280,944.07	18,086,458.47
Income from unfunded securities and accounts.....	141,869.11	5,153,162.55
Miscellaneous income.....	1.00	7,090,341.28
Total nonoperating income.....	4,197,987.40	69,517,967.34
Gross income.....	12,489,228.45	337,028,330.10
<b>Deductions from gross income:</b>		
Joint-facility rents.....	409,448.69	2,773,715.83
Rent for lease of road.....	2,324,646.48	76,187,583.34
Miscellaneous rents.....	304,775.31	650,851.62
Miscellaneous tax accruals.....	141,822.15	851,901.78
Interest on funded debt.....	2,196,200.00	100,729,088.14
Interest on unfunded debt.....	78,897.24	3,614,823.19
Maintenance of investment organization.....		63,000.00
Miscellaneous income charges.....	257,365.98	8,449,893.83
Total deductions from gross income.....	5,713,155.85	193,320,837.73
Net income.....	6,776,072.60	143,707,492.37
<b>Disposition of net income:</b>		
Dividend appropriations of income.....	3,841,152.00	42,073,248.50
Income appropriated for investment in physical property.....		24,244,819.40
Miscellaneous appropriations of income—		
Depreciation of equipment.....	4,044,355.09	
Taxes anticipated.....	300,000.00	
		4,344,355.09
Total appropriations.....	3,841,152.00	70,662,422.99
Income balance transferred to credit of profit and loss.....	2,934,920.60	73,045,069.38

The items classed as miscellaneous income and miscellaneous income charges in the foregoing statement consist of the following:

## Miscellaneous income:

Profits from sale of investment securities.....	\$2, 276, 300. 00
Income from trimming coal.....	252, 418. 17
Income from sea-going tugs and barges.....	84, 135. 03
Income from real estate.....	103, 894. 62
Cash received for privilege granted for laying pipe along right of way.....	34, 150. 00
Profits from operations of the New York and Long Island Branch Railroad.....	828, 050. 61
Cash received in the distribution of the assets of the Temple Iron Company.....	123, 859. 00
Amounts received from the New York and Long Branch Railroad in reimbursement for the interest, dividends, and organization expenses paid by the Central of New Jersey.....	3, 230, 886. 84
Other items.....	156, 647. 01
Total.....	7, 090, 341. 28

## Miscellaneous income charges:

## Payments on account of American Dock and Improvement Company—

Interest on funded debt of that company..	\$249, 350. 00	7, 481, 800. 00
Expenses and taxes of that company.....		774, 582. 27
Taxes on "tax free" bonds of Central of New Jersey and American Dock and Improvement Company.....		32, 827. 94
Other items.....	8, 015. 98	160, 683. 62
Totals.....	257, 365. 98	8, 449, 893. 83

In addition to the above the Central of New Jersey has charged to other accounts \$3,895,840.18 for improvements on water-front property leased from the city of New York, of which \$2,186,994.24, under our accounting rules, should have been amortized to income. If the item of \$2,186,994.24 referred to, together with the delayed income debits of \$5,925,677.47 and the delayed income credits of \$9,160,610.52 recorded in the profit and loss account, were included in the income statement for the entire period from 1849 to date of valuation, the income balance transferred to the credit of profit and loss would be increased by \$1,047,933.81, or to \$74,093,008.19.

If the delayed income items in the profit and loss account were taken into the income statement for the entire period from 1849 to date of valuation, the income balance transferred to the credit of profit and loss would be increased from \$73,045,069.38 to \$75,632,309.89.

For the period from April 1, 1849, to December 31, 1917, the aggregate railway operating expenses have been 59.9 per cent of the railway operating revenues, and for the period of 10 years preceding December 31, 1917, 63.7 per cent. The ratios and the net railway operating income for the years ended on June 30, 1909 to 1916, for the six months ended December 31, 1916, and for the year ended December 31, 1917, and for the six months ending on date of valuation, are given in the table below.

Year	Ratio	Income	Year	Ratio	Income
1909.....	59.7	\$8, 504, 883	1915.....	65.9	\$8, 257, 139
1910.....	59.0	9, 361, 000	1916.....	63.1	9, 959, 282
1911.....	59.9	9, 609, 377	1916 <sup>1</sup> .....	64.7	5, 233, 204
1912.....	62.0	8, 797, 279	1917.....	71.1	8, 283, 794
1913.....	60.6	10, 204, 289	1918 <sup>1</sup> .....	87.6	1, 205, 654
1914.....	67.4	8, 308, 589			

<sup>1</sup> Six months.

Results of operation by the receiver from February 14, 1877, to May 4, 1882, are not included in the above statement of income. Such results are, however, included in the statement of profit and loss which follows.

*Profit and loss statement of the Central of New Jersey*—A condensed summary of the profit and loss accounts for the period April, 1849, to date of valuation, follows:

## Credits:

Credit balance transferred from income.....	\$73,045,069.38	
Profit on road and equipment sold.....	114,404.12	
Delayed income credits.....	9,160,610.52	
Unrefunded, overcharges.....	278.22	
Donations—		
Land conveyed by American Dock and Improvement Company by deed et cing nominal consideration.....	\$1,000,000.00	
Other donations.....	99,347.06	
	<u>1,099,347.06</u>	
Miscellaneous credits—		
Cash received from privileges granted to others.....	71,570.65	
Premiums and gains from treasury stock transactions.....	49,621.04	
Premiums realized in the issue of capital stock.....	60,160.00	
Premiums realized in the issue of funded debt.....	1,497,299.68	
Excess of par value of funded debt reacquired over cost of reacquiring..	44,917.80	
Adjustment of book value of investment securities.....	4,496,665.52	
Profits from sale of investment securities.....	1,099,674.35	
Adjustment and cancellation of balance sheet accounts.....	6,534,178.88	
Profits from sale of miscellaneous physical property.....	188,718.72	
Collections of accounts previously written off.....	28,631.72	
Profit and loss credit balance transferred from receiver's ledger in 1882.	1,832,412.33	
Proceeds from sale of lands owned by The New York and Long Branch Railroad Company.....	7,725.00	
Par value of bonds of the New York and Long Branch acquired without recorded consideration.....	100,000.00	
Profit from operation of the Newark Warehouse Company.....	82,822.37	
Release of income appropriations.....	563,104.23	
Adjustment of account with the American Dock and Improvement Company—		
Interest on their bonds paid by the Central of New Jersey.....	\$1,625,000.00	
Loss in sale of their bonds.....	96,460.00	
Interest on advances from 1863 to January, 1886.....	901,121.27	
Loss in sale of bonds of New Jersey West Line Railroad Company.....	401,053.12	
Taxes from 1878 to 1883.....	93,979.02	
Other items paid by the Central of New Jersey..	3,465.31	
Amount written off to balance.....	19,500.54	
	<u>3,140,579.26</u>	
Adjustment of expenditures purporting to be for construction on leased roads.....	165,475.04	
Adjustment of road and equipment accounts—		
Stock of New Jersey Southern Railroad Company.....	\$2,579,543.20	
Stock of Long Branch and Sea Shore Railroad Company.....	178,100.00	
To write up book value of equipment.....	95,088.41	
To write up book value of road.....	26,521.24	
Profit and loss debit balance—		
Total amount.....	\$431,688.08	
Amount restored.....	290,710.61	
	<u>140,977.47</u>	
Equipment leased from Hibernia Mine Railroad..	58,731.39	
	<u>3,078,961.71</u>	
Adjustment of book value of miscellaneous property.....	125,306.89	
Other items of a property nature but which are not identifiable in the property accounts.....	87,885.76	
Other miscellaneous credits.....	471,862.54	
	<u>23,727,573.49</u>	
Total credits.....	<u>107,147,282.79</u>	

## Debits:

Dividend appropriations of surplus—			
Stock of Central New Jersey Land and Improvement Company, distributed, book value.....	\$900,000.00		
Stock dividends.....	962,741.12		
Other dividend appropriations of surplus.....	41,827,292.68		\$43,690,033.70
Surplus appropriated for investment in physical property.....		16,207,163.76	
Stock discount extinguished through surplus.....		1,610.00	
Debt discount extinguished through surplus.....		3,223,711.45	
Loss on retired road and equipment.....		3,435,010.80	
Delayed income debits.....		5,925,677.47	
Miscellaneous debits—			
Discount and losses on treasury stock transactions.....		22,914.00	
Excess cost of reacquiring securities over the par value re-acquired—			
Capital stock.....	\$343.20		
Funded debt.....	69,643.48		
		69,986.68	
Adjustment of book value of investment securities.....		4,390,175.46	
Losses in the sale of investment securities.....		4,492,555.65	
Bonds of the American Dock and Improvement Company assumed in 1913, par value.....		4,987,009.00	
Adjustment and cancellation of balance sheet accounts.....		3,496,314.75	
Amount purporting to be for additions and betterments to leased railway property.....		221,323.61	
Losses from the operation of Newark Warehouse Company.....		63,905.52	
Amount purporting to be a portion of the cost of a drawbridge constructed at Perth Amboy for The New York and Long Branch Railroad Company.....		306,225.35	
Losses from sale of miscellaneous physical property.....		54,872.61	
Items which in effect write down the book value of road and equipment—			
To write down the book value of equipment.....	\$6,560,840.48		
To write down the book value of road.....	59,779.15		
Excess of cost of equipment acquired from other companies over amount charged to investment accounts.....	649,177.75		
		7,269,797.38	
Adjustment of book value of miscellaneous physical property.....		48,205.06	
Other items of a property nature but which could not be clearly identified in the investment accounts.....		91,753.78	
Other miscellaneous debits.....		367,282.35	
		25,882,317.20	
Credit balance on date of valuation.....		8,781,758.41	
Total.....		107,147,282.79	

If the item of \$2,186,994.24, which under our accounting rules should have been amortized to income as hereinbefore explained, were included in the income account, the credit balance in the profit and loss account would be decreased by the above amount, or to \$6,594,764.17.

Between July 1, 1903, and June 30, 1914, the Central of New Jersey appropriated from income \$24,244,819.40 for permanent improvements. Since July 1, 1914, the appropriations from surplus for similar purposes have aggregated \$16,207,163.76. The appropriations from both sources aggregated \$40,451,983.16, or \$1,373,912.88 greater than the balance of \$39,078,070.28 in the account provided for additions to property through income and surplus. The accounting practices causing or contributing to this difference are:

1. The practice of charging direct to the reserve accounts created by income appropriations the expenditures for extraordinary expenses and for renewals.
2. The practice of charging direct to the reserve accounts created by income appropriations the expenditures for renewals and extraordinary expenses pending a classification of the items charged.

3. The practice of adjusting the account for additions to property through income and surplus that the balance in the account may represent only the amounts appropriated and expended in the acquisition of the existing property the cost of which is included in the property investment accounts.

*Dividends.*—The carrier has declared dividends aggregating \$87,763,282.30 during the period April 1, 1849, to June 30, 1918, which have been charged \$42,073,248.50 to income, \$43,690,033.80 to profit and loss, and \$2,000,000 to the account for investment in road and equipment. The records reviewed do not indicate that any of the dividends declared were payable otherwise than in cash except \$2,966,491.12, paid with capital stock, and \$900,000 paid with capital stock of the Central New Jersey Land and Improvement Company. The dividends declared have been at the rates per annum named below, no dividends being declared in the years 1853, 1869, 1877 to 1882, 1877, and 1883.

Years	Rate	Years	Rate
	<i>Per cent</i>		<i>Per cent</i>
1849.....	3½	1889.....	4½
1850-1857.....	7	1890.....	6
1858.....	15	1891.....	6¾
1860-1863.....	10	1892-1894.....	7
1864.....	20	1895-1893.....	5
1865.....	35	1897-1898.....	4
1866-1868.....	10	1899.....	4½
1870.....	14	1900.....	5
1871-1872.....	10	1901.....	4
1873.....	8	1902-1909.....	8
1874-1875.....	10	1910-1916.....	12
1876.....	4	1917.....	14
1883.....	1½	1918.....	12
1884-1886.....	6		

During the period of 10 years preceding the date of valuation, average annual dividends of 11.6 per cent have been declared upon a constant amount of capital stock outstanding.

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

Operating income:

Railway operating revenues.....	\$19,086,173.52
Railway operating expenses.....	16,750,838.64
Net revenue from railway operations.....	2,335,334.88
Railway tax accruals.....	1,111,259.16
Uncollectible railway revenue.....	4,651.08
Railway operating income.....	1,219,424.64
Total operating income.....	1,219,424.64

Nonoperating income:

Hire of equipment.....	51,881.51
Joint-facility rent income.....	124,277.12
Income from unfunded securities and accounts.....	11,101.11
Miscellaneous income, ("lap-overs").....	920,541.15
Total nonoperating income.....	1,107,800.89
Gross income.....	2,327,225.53

## Deductions from gross income:

Joint-facility rents.....	\$189, 928. 90
Interest on unfunded debt.....	66, 036. 62
Miscellaneous income charges ("lap-overs").....	321, 299. 61
Total deductions from gross income.....	<u>577, 265. 13</u>

Disposition of net income, income credit balance transferred to profit and loss..... 1, 749, 960. 40

*Profit and loss statement of the United States Railroad Administration.*—A condensed summary of the profit and loss account of the United States Railroad Administration for the period January 1, 1918, to date of valuation, follows:

## Credits:

Credit balance transferred from income.....	\$1, 749, 960. 40
Unrefundable overcharges.....	15. 69
Miscellaneous credits.....	2, 597. 69
Total.....	<u>1, 752, 573. 78</u>

## Debits:

Miscellaneous debits.....	21. 27
Credit balance at date of valuation.....	1, 752, 552. 51
Total.....	<u>1, 752, 573. 78</u>

## INVESTMENT IN ROAD AND EQUIPMENT

The investment of the Central of New Jersey in road and equipment, including land, on date of valuation, is stated in its books as \$106,014,267.09, of which the following is a general analysis:

## Property acquired, including equipment:

Capital stock issued, par value.....	\$440, 000. 00
Stock liability for conversion, recorded value.....	14, 556. 80
Funded debt assumed, par value.....	6, 339, 530. 00
Real-estate mortgages assumed, recorded value.....	4, 300. 00
Current liabilities assumed.....	3, 595. 67
Recorded money outlay.....	87, 954. 10
Investment in advances, written off, recorded value.....	3, 261, 641. 62

## Investments in securities written off, recorded value—

Capital stock acquired with money outlay—	
Total book value.....	\$6, 369, 485. 55
Less nominal amounts to represent corporate control	
of companies whose property was acquired.....	1, 001. 00
	<u>\$6, 368, 484. 55</u>
Capital stock acquired in exchange for funded debt assumed.....	95, 600. 00
Capital stock acquired, the particulars of which can not be ascer-	
tained.....	48, 291. 10
Bonds acquired with money outlay.....	403, 569. 00
	<u>6, 915, 944. 65</u>

Accounts receivable written off, recorded value..... 1, 361, 280. 84

Total..... 18, 428, 804. 28

Less current and other assets acquired in addition to road and equipment..... 432, 544. 98

Net total..... 17, 996, 259. 30

Other items which in effect write up the property accounts in excess of the cost to the Central of New Jersey to acquire certain properties—

Items which in effect write up the accounts.....	\$2, 781, 087. 10
Less items which in effect write down the accounts.....	649, 177. 75
	<u>2, 131, 909. 35</u>

Total..... 20, 128, 168. 65

## Construction, additions, and betterments:

## Road—

Recorded money outlay, including the recorded money outlay for securities acquired and subsequently disposed of for land. . . . .	\$43,573,586.82
Recorded money outlay, purporting to be for additions and betterments to road from July 1, 1903, to June 30, 1909, which is charged to investment in road and equipment account by crediting a corresponding amount to the account provided for additions to property through income and surplus. . . . .	2,566,848.68
Capital stock issued, par value. . . . .	101,950.00
Funded debt issued, par value. . . . .	1,201,000.00
Real estate mortgages issued, recorded value. . . . .	858,190.36
Notes payable issued, recorded value. . . . .	838,503.86
Lands acquired from affiliated companies, charged at. . . . .	4,607,400.19
A parcel of land (201.9 or 312 acres) acquired from the American Dock and Improvement Company, by deed dated May 15, 1917, for a nominal deed consideration and described in the accounts as a donation, charged at. . . . .	1,000,000.00
Amount charged in the reclassification of the investment in road and equipment accounts, by crediting a corresponding amount to investment in equipment, charged at. . . . .	912,945.04
Estimated recorded value of lands reclassified or lands restored to railroad uses. . . . .	2,384,902.49
Total. . . . .	58,048,327.44
Less amounts transferred to operating expenses in the adjustment of charges for property retired and replaced. . . . .	395,878.75
Net total. . . . .	57,652,448.69

## Equipment—

Money outlay. . . . .	55,264,319.96
Money outlay, purporting to be expenditures for additions from July 1, 1903, to June 30, 1909, charged to this account by creating a corresponding amount to appropriated surplus, "additions to property through income and surplus". . . . .	1,107,249.00
Equipment bonds issued, par value. . . . .	5,743,000.00
Notes payable issued, par value. . . . .	231,480.00
Recorded value of equipment acquired in part settlement of advances due. . . . .	13,850.00
Total. . . . .	62,359,898.96
Less amounts transferred to investment in road in a reclassification of the road and equipment accounts. . . . .	912,945.04
Net total. . . . .	61,446,953.92
Grand total. . . . .	119,099,402.61

## Less retirements—

## Road—

Recorded value of lands reclassified or withdrawn from railroad uses. . . . .	\$3,774,208.12
Recorded value of lands transferred to affiliated companies. . . . .	3,485,506.66
Proceeds from sale of road property. . . . .	2,100,535.07
Recorded value of other road property retired, including retirements in connection with additions and betterments. . . . .	2,193,267.13
Total. . . . .	11,553,516.98

## Equipment—

Proceeds from sale of equipment. . . . .	1,935,952.17
Recorded value of other equipment sold or demolished. . . . .	4,177,940.25
Recorded value of other equipment retired. . . . .	6,106,276.66
Total. . . . .	12,220,169.08
	23,773,686.06

115,453,885.20

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## Other items:

## Credits—

Net decrease in book value of lands and ferry properties		
to agree with appraisal values—		
Decrease charged profit and loss.....	\$59, 779. 15	
Increase credited profit and loss.....	3, 877. 34	
		\$55, 901. 81
Decrease in book value of other road property to agree with appraisal value, charged to operating expenses.....		
		77, 906. 89
Net decrease in book value of equipment to agree with appraisal and inventory values.....		
		6, 442, 061. 07
Decrease charged to profit and loss account.....		
	\$6, 560, 840. 48	
Increase credited to profit and loss account.....		
	95, 088. 41	
Increase credited to operating expenses.....		
	23, 691. 00	
Total.....	118, 779. 41	
Depreciation of equipment prior to 1874 and for the years 1905, 1906, and 1907—		
Charged to income and reserves set aside from income.....		
	4, 702, 398. 53	
Less amount credited to profit and loss account...		
	279, 755. 57	
		4, 422, 642. 96
To write up the book value of investment securities (stock of American Dock and Improvement Company) to its par value by a corresponding reduction in this account.....		
		770, 145. 37
Proceeds derived from charter of floating equipment.....		
		28, 210. 46
Total credits.....		11, 796, 868. 56

## Debits:

Amount transferred from profit and loss account as of March 31, 1856—		
Debit balance transferred.....		
	\$431, 688. 08	
Less amount restored.....		
	290, 710. 61	
		140, 977. 47
Capital stock issued as a dividend, par value.....		
		2, 000, 000. 00
Capital stock issued to contractors as "bonus," par value.....		
		30, 000. 00
Loss in sale of bonds of American Dock and Improvement Company.....		
		36, 681. 59
Commissions paid on equipment bonds.....		
		90, 860. 00
Appraisal value, as of Dec 31, 1888, of equipment leased from the Ogden Mine Railroad for term of 999 years and for which a corresponding liability is not stated in accounts of the Central of New Jersey.....		
		58, 731. 39
Total debits.....		2, 357, 250. 45
Net credit.....		\$9, 439, 618. 11
Grand total.....		100, 014, 267. 09

The "other items" separately noted above are not in accord with the present classification of accounts. In addition thereto, the Central of New Jersey includes in its investment in road and equipment account a net amount of \$2,131,909.35 which in effect writes up the property accounts in excess of the cost to the Central of New Jersey to acquire certain properties. This amount is made up as follows:

Items which in effect write up the accounts in excess of the cost of certain properties:

Par value of capital stock of the New Jersey Southern Railroad Company and the Long Branch and Sea Shore Railroad Company which is not carried in the accounts as an asset but described as owned.....		\$2, 757, 643. 20
Adjustment of value of property acquired from The Elizabethport and New York Ferry Company to agree with an appraisal value, credited to profit and loss.....		22, 643. 90
Accrued dividend on stock liability for conversion paid at time of conversion.....		800. 00
Total.....		2, 781, 087. 10



Less items which in effect write down the accounts below the cost to the Central of New Jersey to acquire certain properties:		
Adjustment in value of equipment acquired to agree with appraisal value—		
Jersey Central Improvement Company-----	\$671. 13	
The Freehold and Atlantic Highlands Railroad Company-----	87. 44	
		\$758. 57
Adjustment of value of equipment acquired from Manhattan Litherage Company to agree with the depreciated value as recorded in the account of that company-----	648, 419. 18	
		\$649, 177. 75
Net total-----		2, 131, 909. 35

The foregoing tabulation of investment in road and equipment includes \$4,166,355.08 as the cost of certain lands acquired from the American Dock and Improvement Company by deed dated May 15, 1917. On the basis of a stipulation approved by representatives of the carrier and of the bureau, and incorporated in the record, we find that there should be added to this sum an additional amount of \$2,964,994.24 of costs charged to other accounts, and that there should be deducted \$2,000,000 of arbitrary charges or estimates erroneously included in the account for investment in road and equipment, making a net addition of \$964,994.24 and interesting the total cost of the lands thus acquired to \$5,131,349.32.

We also find that the foregoing tabulation of investment in road and equipment includes \$874,623.60 as the cost of certain improvements made on waterfront property leased from the city at Liberty Street, New York. An additional amount of \$2,982,452.69, expended for similar improvements, has been charged by the carrier to improvements on leased railway property account, which is in agreement with instructions hitherto given the carrier by our Bureau of Accounts. There is no reason for treating the \$874,623.60 differently from the rest of the expenditure.

If the adjustments indicated in the foregoing paragraphs were made, if the debits described under "other items," together with items which in effect write up the accounts in excess of the cost to the Central of New Jersey to acquire certain properties, were eliminated and the credits described under "other items" together with the items which in effect write down the accounts below the cost to the Central of New Jersey to acquire certain other properties were restored, the balance in the investment in road and equipment account would be increased to \$113,412,346.49. This balance, so far as it can be resolved into its component elements, would comprise the following:

Recorded money outlay:

Construction, additions, betterments, and property-----	\$99, 901, 925. 18
Amounts purporting to be for additions and betterments charged against income during the period July 1, 1903, to June 30, 1909, and adjusted to this account and concurrently increasing appropriated surplus "additions to property through income and surplus"-----	3, 674, 097. 68
Investments in advances canceled-----	3, 261, 641. 62
Investments in securities, book value--	6, 891, 359. 89
	\$113, 729, 024. 37
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Capital stock issued, par value.....		\$541, 950. 00
Stock liability for conversion, par value.....		14, 556. 80
Funded debt issued, par value:		
Issued for construction of property.....	\$6, 944, 000	
Issued for investment securities, par for par.....	95, 600	
		<u>7, 039, 600. 00</u>
Funded debt assumed, recorded value.....		6, 339, 530. 60
Notes payable issued, recorded value.....		1, 067, 983. 86
Real-estate mortgages issued and assumed, recorded value....		862, 490. 36
Current liabilities assumed, recorded value.....		3, 595. 67
Miscellaneous accounts receivable canceled, recorded value....		1, 361, 280. 84
Recorded value of property acquired from affiliated companies, in part settlement of open accounts.....		<u>4, 621, 250. 19</u>
Stock of The Elizabethport and New York Ferry Company written off as a part of the cost of acquiring that property, the class of consideration given for the stock is indeterminable, book value.....		48, 291. 10
Recorded value of lands reclassified or restored to railroad uses.....		<u>2, 384, 902. 49</u>
Less deductions unassignable specifically to any one or more of the above classes:		
Current and other assets acquired in addition to road and equipment—		
Investment securities, recorded value.....	\$357, 500. 00	
Investment in ad- vances.....	14, 988 90	
Special deposits.....	14, 000. 00	
Cash.....	706. 52	
Miscellaneous physical property.....	18, 995. 00	
Materials and supplies.....	<u>26, 354. 56</u>	
		\$432, 544. 98
Amount transferred to operating expenses in the adjustment of charges for ad- ditions and betterments.....		<u>395, 878. 75</u>
Road retirements cred- ited—		
Recorded value of lands reclassified or withdrawn from railroad uses.....	\$3, 774, 208. 12	
Recorded value of lands transferred to affiliated com- panies.....	3, 485, 506. 66	
Property sold for proceeds of.....	2, 100, 535. 07	
Recorded value of other road prop- erty, credited at....	<u>2, 193, 267. 13</u>	
		<u>11, 553, 516. 98</u>

Less deductions unassignable specifically to any one or more of the above classes—Contd.

Equipment retirements credited—

Equipment sold for proceeds of.....	\$1, 935, 952. 17	
Recorded value of other equipment sold and demolished.....	4, 117, 940. 25	
Recorded value of other equipment retired.....	6, 106, 276. 66	
		<u>\$12,220,169.08</u>

This balance may also include some or all of the undetermined costs of Pier 8, together with appurtenances, situated at Jersey City, N. J., which is owned by the Central of New Jersey and used jointly with Burns Brothers, retail coal dealers, for both carrier and noncarrier purposes. The Central of New Jersey states that the percentage of use is approximately 50 per cent for common-carrier purposes and 50 per cent for commercial use. This balance may also include some or all of the undetermined costs of numerous coal trestles along the Central of New Jersey's right of way which are used for noncarrier purposes.

The above outlays may include some or all of the undetermined cost of certain lands classified herein as noncarrier lands and some or all of the undetermined portions, assignable to noncarrier lands, of the cost of lands classified as partly carrier and partly noncarrier. Neither the Central of New Jersey nor its predecessors have charged to miscellaneous physical property accounts any amounts that represent these noncarrier lands. The costs of the above lands, so far as they are indicated by accounting records, together with certain amounts reported by the Central of New Jersey as cost of such lands, but which are not supported in the accounts, are stated in the chapter on original cost to date.

Besides the several classes of outlay above summarized, the Central of New Jersey states that it has found charges in its accounts prior to date of valuation, aggregating \$929,322.88, which purport to represent charges for additions and betterments and equipment that have been charged to operating expenses. With respect to these charges, since it is not possible, solely from an analysis of the accounts, to determine whether they both represent the cost of additional property in existence at the date of valuation of the property and also do not represent renewals or replacements, in whole or in part, of property already charged to the investment in road and equipment account and not written out, the amounts have not been included in the investment in road and equipment account.

#### ORIGINAL COST TO DATE

The original cost to date of the road and equipment, including land, owned by the Central of New Jersey and used for common-carrier purposes, has not been definitely ascertained. The recorded mileage of road owned on date of valuation was 379.298 miles. The obtainable data for creating 187.142 miles of road and for improving the entire road to date of valuation are those included in the investment in road and equipment accounts of the Central of New Jersey and certain of its predecessors. There are no accounting records obtainable which contain data on the outlay for creating and improving 192.156 miles

constructed as the original road of certain other predecessors. However, of the 192.156 miles for which there were no accounting records obtainable, data on the outlay for constructing and improving 119.093 miles, including 4 miles which were subsequently sold, were taken from memoranda in the files of the Central of New Jersey and from the published reports of New Jersey. There were no data obtainable on the outlay for the remaining 77.063 miles which were constructed as the original road of certain other predecessors. The obtainable data on the outlay for creating 187.142 miles of road, for improving the entire road, and for 28,152 units of equipment, on date of valuation, are those included in the investment in road and equipment accounts of the Central of New Jersey and those of certain predecessors as follows:

## Road:

Recorded money outlay.....	\$53, 700, 510. 88
Funded debt issued, par value.....	1, 533, 000. 00
Capital stock issued, par value.....	770, 809. 61
Real-estate mortgages issued, recorded value.....	858, 190. 36
Notes payable issued, recorded value.....	873, 346. 13
Lands acquired from affiliated companies, charged at.....	4, 607, 400. 19
Amount transferred in the adjustment of the equipment accounts, charged at.....	912, 945. 04
Lands reclassified and lands restored to railroad uses, charged at.....	2, 390, 237. 49
Amounts, the particulars of which were not definitely determinable, charged at.....	19, 185. 68
Less any outlays, not definitely determinable, that represent—	
Lands, materials, and other road property sold for proceeds of.....	2, 369, 803. 82
Estimated cost of entire equipment for purpose of adjusting road accounts, credited at.....	35, 000. 00
Entire equipment sold for proceeds of.....	19, 768. 54
Road property retired, credited at.....	2, 486, 092. 24
Lands transferred to affiliated companies, credited at.....	3, 485, 506. 66
Lands reclassified and lands withdrawn from railroad uses, credited at.....	3, 795, 058. 12
Amounts transferred to debit of operating expenses in the adjustment of charges for additions and betterment projects, credited at.....	395, 878. 75
Amount, the particulars of which were not definitely determinable, credited at.....	1, 000. 00
Equipment, the verified cost of 28,152 units of equipment (the Central of New Jersey returned 28,951 units) the outlays for which include equipment-trust notes issued and recorded money outlay.....	43, 116, 777. 15

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

## Central of New Jersey:

Recorded money outlay.....	\$46, 145, 435. 50
Funded debt, par value.....	1, 201, 000. 00
Capital stock issued, par value.....	101, 950. 00
Real-estate mortgages issued, recorded value.....	858, 190. 36
Notes payable issued, recorded value.....	836, 503. 86

## Central of New Jersey—Continued.

Lands acquired from affiliated companies, charged at.....	\$4, 607, 400. 19
Amount transferred in the adjustment of equipment accounts, charged at.....	912, 945. 04
Lands reclassified, or lands restored railroad uses, charged at.....	2, 384, 902. 49
<hr/>	
Less any outlays, not definitely determinable, that represent—	
Lands, materials, and other road property sold for proceeds of.....	2, 100, 535. 07
Estimated cost of entire equipment for purpose of adjusting road accounts, credited at.....	2, 193, 267. 13
Lands transferred to affiliated companies, credited at.....	3, 485, 506. 66
Lands reclassified, or lands withdrawn from railroad uses, credited at.....	3, 774, 208. 12
Amounts transferred to operating expenses in the adjustment of charges for additions and betterments, credited at.....	395, 878. 75
<b>The Elizabethtown and Somerville Railroad Company:</b>	
Recorded money outlay.....	211, 342. 99
Funded debt issued, par value.....	12, 000. 00
Capital stock, par value.....	400, 000. 00
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Less any outlays, not definitely determinable, that represent—	
Lands, materials, and other road property, sold for proceeds of.....	22, 384. 15
Estimated cost of entire equipment for purpose of adjusting road accounts, credited at.....	35, 000. 00
<b>The Perth Amboy and Elizabethport Railroad Company, recorded money outlay.....</b>	476, 296. 19
<b>The Constables' Hook Railroad Company, recorded money outlay.....</b>	96, 471. 21
<b>The Manufacturers' Railroad Company:</b>	
Recorded money outlay.....	84, 184. 88
Less any outlays, not definitely determinable, that represent lands, materials, and other road property, sold for proceeds of.....	1, 790. 00
<b>The High Bridge Railroad Company:</b>	
Recorded money outlay.....	1, 041, 364. 31
Less any outlays, not definitely determinable, that represent road property retired, credited at.....	1, 992. 33
<b>The Longwood Valley Railroad Company:</b>	
Recorded money outlay.....	373, 501. 58
Capital stock issued, par value.....	166, 559. 61
Notes payable issued, recorded value.....	13, 693. 50
<b>The Lake Hopatcong Railroad Company, recorded money outlay.....</b>	180, 624. 58
<b>The South Branch Railroad Company:</b>	
Recorded money outlay.....	432, 680. 53
Less any outlays, not definitely determinable, that represent lands, materials, and other road property, sold for proceeds of.....	8, 068. 35
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The Buena Vista Railroad Company, recorded money outlay--	\$23, 105. 57
The Carteret and Sewaren Railroad Company:	
Recorded money outlay-----	25, 669. 45
Less any outlays, not definitely determinable, that represent—	
Lands, materials, and other road property, sold for proceeds of-----	3, 295. 44
Road property retired, credited at-----	213. 75
The Carteret Extension Railroad Company:	
Recorded money outlay-----	59, 066. 90
Less any outlays, not definitely determinable, that represent road property retired, credited at-----	120. 84
Cumberland and Maurice River Railroad Company:	
Recorded money outlay-----	103, 889. 72
Capital stock issued, par value-----	2, 900. 00
Less any outlays, not definitely determinable, that represent—	
Lands, materials, and other road property, sold for proceeds of-----	1, 524. 00
Entire equipment, sold for proceeds of-----	12, 145. 24
Road property retired, credited at-----	24, 760. 16
Other amounts, the particulars of which were not definitely determinable, credited at-----	1, 000. 00
Cumberland and Maurice River Extension Railroad Company:	
Recorded money outlay-----	17, 314. 12
Less any outlays, not definitely determinable, that represent road property retired, credited at-----	200. 00
The Elizabeth Extension Railroad Company:	
Recorded money outlay-----	81, 500. 00
Less any outlays, not definitely determinable, that represent—	
Lands, materials, and other road property, sold for proceeds of-----	3, 450. 00
Road property retired, credited at-----	23, 246. 00
The Freehold and Atlantic Highlands Railroad Company:	
Recorded money outlay-----	291, 268. 75
Lands reclassified, or lands restored to railroad uses, charged at-----	5, 335. 00
Less any outlays not definitely determinable, that represent—	
Lands, materials, and other road property, sold for proceeds of-----	21, 320. 72
Road property retired, credited at-----	32, 326. 50
Lands reclassified, or lands withdrawn from railroad uses, charged at-----	20, 850. 00
The Keyport Railroad Company, recorded money outlay-----	60, 577. 27
The Freehold and New York Railroad Company, recorded money outlay-----	30, 918. 57
The Freehold and New York Railway Company:	
Recorded money outlay-----	100, 000. 00
Other amounts, the particulars of which were not definitely determinable, charged at-----	19, 185. 68

The Lafayette Railroad Company:	
Recorded money outlay.....	\$245, 979. 37
Less any outlays, not definitely determinable, that represent—	
Lands, materials, and other road property, sold for proceeds of.....	13, 490. 68
Road property retired, credited at.....	55. 90
The Manufacturers' Extension Railroad Company:	
Recorded money outlay.....	94, 109. 06
Less any outlays, not definitely determinable, that represent lands, materials, and other road property, sold for proceeds of.....	
	29, 625. 00
The Middle Brook Railroad Company, recorded money outlay.....	26, 909. 96
The Middle Valley Railroad Company, recorded money outlay.....	10, 548. 26
The Navesink Railroad Company:	
Recorded money outlay.....	926, 597. 37
Less any outlays, not definitely determinable, that represent—	
Lands, materials, and other road property, sold for proceeds of.....	17, 015. 00
Road property retired, credited at.....	5, 485. 71
The New Jersey Southern Railway Company:	
Recorded money outlay.....	994, 922. 03
Less any outlays, not definitely determinable, that represent—	
Lands, materials, and other road property, sold for proceeds of.....	65, 591. 05
Road property retired, credited at.....	134, 835. 45
The New Jersey Southern Railroad Company:	
Recorded money outlay.....	312, 074. 74
Notes payable issued, recorded value.....	23, 148. 77
Less any outlays, not definitely determinable, that represent—	
Lands, materials, and other road property, sold for proceeds of.....	38, 448. 21
Road property retired, credited at.....	2, 557. 78
New Jersey Terminal Railroad Company:	
Recorded money outlays.....	233, 494. 70
Funded debt, par value.....	220, 000. 00
Capital stock issued, par value.....	40, 000. 00
Less any outlays, not definitely determinable, that represent—	
Lands, materials, and other road property, sold for proceeds of.....	21, 114. 75
Entire equipment, sold for proceeds of.....	7, 623. 30
Road property retired, credited at.....	1, 900. 00
The Passaic River Extension Railroad Company:	
Recorded money outlay.....	24, 906. 52
Capital stock issued, par value.....	7, 700. 00
Less any outlays, not definitely determinable, that represent lands, materials, and other road property, sold for proceeds of.....	
	2, 300. 00
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The Raritan North Shore Railroad Company:	
Recorded money outlay.....	\$79, 169. 22
Less any outlays, not definitely determinable, that represent—	
Lands, materials, and other road property, sold for proceeds of.....	500. 00
Road property retired, credited at.....	990. 28
The Sound Shore Railroad Company:	
Recorded money outlay.....	240, 638. 21
Less any outlays, not definitely determinable, that represent—	
Lands, materials, and other road property, sold for proceeds of.....	1, 630. 00
Road property retired, credited at.....	3, 860. 34
The Toms River Railroad Company:	
Recorded money outlay.....	15, 502. 54
Less any outlays, not definitely determinable that represent—	
Lands, materials, and other road property, sold for proceeds of.....	200. 00
Road property retired, credited at.....	2, 602. 46
The Toms River & Barnegat Railroad Company:	
Recorded money outlay.....	17, 435. 37
Less any outlays, not definitely determinable, that represent road property retired, credited at.....	175. 00
The Vineland Railroad Company:	
Recorded money outlay.....	357, 211. 98
Less any outlays, not definitely determinable, that represent—	
Lands, materials, and other road property, sold for proceeds of.....	6, 766. 40
Road property retired, credited at.....	54, 347. 61
The Vineland Branch Railroad Company:	
Recorded money outlay.....	78, 876. 80
Capital stock issued, par value.....	8, 000. 00
Less any outlays, not definitely determinable, that represent lands, materials, and other road property, sold for proceeds of.....	2, 000. 00
The West End Railway Company:	
Recorded money outlay.....	37, 300. 71
Capital stock issued, par value.....	43, 700. 00
Less any outlays, not definitely determinable, that represent—	
Lands, materials, and other road property, sold for proceeds of.....	3, 355. 00
Road property retired, credited at.....	3, 150. 00
The West Side Connecting Railroad Company:	
Recorded money outlay.....	179, 251. 28
Less any outlays, not definitely determinable, that represent lands, materials, and other road property, sold for proceeds of.....	5, 400. 00

The above outlays may include some or all of the undetermined costs of Pier 8, together with appurtenances, situated at Jersey City, N. J., which is owned by the Central of New Jersey and used jointly with Burns Brothers, retail coal dealers,



for both carrier and noncarrier purposes. The Central of New Jersey states that the percentage of use is approximately 50 per cent for common-carrier purposes and 50 per cent for commercial use. These outlays may further include some or all of the undetermined costs of numerous coal trestles along the Central of New Jersey's right of way which are used for noncarrier purposes.

The above outlays may include some or all of the undetermined cost of certain lands classified herein as noncarrier lands and some or all of the undetermined portions, assignable to noncarrier lands, of the cost of lands classified herein as partly carrier and partly noncarrier. Neither the Central of New Jersey nor its predecessors have specifically charged to their miscellaneous physical property accounts any amounts that represent these noncarrier lands. The costs of the above lands, so far as they are indicated by accounting records, together with certain amounts reported by the Central of New Jersey as costs of such lands, but which are not supported in the accounts, are stated in the chapter devoted to cost of lands.

There are no accounting records obtainable which contain data on the outlay for the 6.190 miles constructed as the original road of the Newark and New York. However, the records of the Central of New Jersey indicate that the balance in the investment in road and equipment account of the Newark and New York at the time the property was acquired by the Central of New Jersey was \$2,603,-012.82. The class of outlay represented by this balance was not determinable.

The obtainable data on the outlay for creating and improving 112.903 miles, including 4 miles which were sold, constructed as the original road of certain predecessor companies, and for equipment, if any, are those included in the published reports of New Jersey. These data, together with the recorded mileage of road constructed and the dates to which the data apply, follow:

	Date	Amount
Bridgeton and Port Norris Railroad Company, Bridgeton to Bivalve, N. J., 21.303 miles	Dec. 31, 1877	\$700,000.00
Ralph B. Gowdy, and others, as individuals, Waretown to Barnegat, N. J., 1.800 miles	Dec. 31, 1872	20,000.00
Keypoint Railroad Company; this amount represented the par value of the capital stock issued by the Keypoint Railroad Company and is in addition to the amount shown in this report as recorded money outlay	Dec. 31, 1889	5,000.00
Long Branch and Sea Shore Railroad Company, Long Branch to Horse Shoe Cove, N. J., 10.500 miles, including the 4 miles which were subsequently sold	Dec. 31, 1873	398,863.38
New York and Atlantic Highlands Railroad Company, Atlantic Highlands to Belford, N. J., 2.800 miles	Dec. 31, 1869	46,901.46
Raritan and Delaware Bay Railroad Company, Port Monmouth to Atsion; Lakehurst to Toms River, and Eatontown to Long Branch, N. J., 76.500 miles	Sept. 14, 1869	4,098,592.45

There are no accounting or other records obtainable which contain data on the outlay for constructing 9.300 miles of road under the charter of the Camden and Atlantic Railroad Company, which was subsequently abandoned, or for creating and improving the 77.063 miles constructed as the original road of the predecessor companies described in the tabulation which follows:

	Date of demise	Mileage
The Atlantic Highlands Railroad Company, Lorillard to Belford, N. J.	Jan. 23, 1890	3.800
The Monmouth County Agricultural Railroad Company and The Freehold and New York Railroad Company, Freehold to Keypoint, N. J.	Nov. 5, 1888	14.200
Toms River and Waretown Railroad Company, Toms River to Waretown, N. J.	Aug. 30, 1875	12.910
The Vineland Railway Company, Atsion to Bayside, N. J.	July 2, 1873	46.783
		77.693
Less calculating difference in the recorded mileage		.630
Total		77.063

Besides the several classes of outlay above summarized, the Central of New Jersey states that it has found charges in its accounts prior to date of valuation aggregating \$929,322.88, which purport to represent charges for additions and betterments and equipment that have been charged to operating expenses. On the other hand, these outlays do not include any part of the \$4,987,000 par value of bonds issued by the American Dock and Improvement Company and which were assumed by the Central of New Jersey in 1918, and charged to profit and loss account of the latter. In the absence of full information as to why the par value of these bonds, \$4,987,000, was charged to the profit and loss account, no part of these bonds is included in the above cited summary of outlays. With respect to these charges, since it is not possible, solely from an analysis of the accounts, to determine whether such charges both represent the cost of additional property in existence at date of valuation of the property and also do not represent renewals or replacements, in whole or in part, of property already charged to the investment in road and equipment account and not written out, the amounts have not been included in the investment in road and equipment account. It is not definitely known whether there should be any further deduction for property retired, as the Central of New Jersey made no report concerning abandoned property.

*Cost of lands.*—The Central of New Jersey records amounts aggregating \$18,102,464.42 as the outlays by itself and its predecessors in connection with lands and rights owned or used by it, including noncarrier lands, and that the proceeds from the sales of parts of parcels of such lands or rights aggregate \$1,720,120.02. A verification of the amounts indicates that the reported outlays should be reduced by \$7,265,489.56, as detailed below:

## Additions:

Payments reported by lessors for lands inventoried to the Central of New Jersey-----	\$152, 164. 00
Payments reported by the Nesquehoning Valley Railroad Company for lands inventoried to the Central of New Jersey-----	181. 80
Cost of water right added by us-----	100. 00
Total-----	<u>152, 445. 80</u>

## Deductions:

Estimated incidental and attendant costs-----	383, 392. 27
Costs of lands owned by Communipaw Central Land Company-----	170, 044. 00
Noncarrier lands owned by Elizabeth & New York Ferry Company-----	4, 510. 00
Difference between the gross outlays reported as cost of certain parcels of lands when acquired and the amount reported as costs of such lands remaining after sale of parts of parcels, as determined on area pro rata basis. Proceeds from sales of the parts of such parcels of land not reported-----	736, 970. 30
Estimated cost of life passes-----	4, 000. 00
Land acquired from American Dock & Improvement Company, including improvements, interest, etc., land cost not separable-----	5, 987, 000. 00
Land acquired from Mount Hope Mineral Railway Company, including improvements therein. Land costs not separable-----	28, 000. 00
Payments reported in excess of amounts chargeable to rights-----	104, 018. 79
Total-----	<u>7, 417, 935. 36</u>
Net total deductions-----	<u>7, 265, 489. 56</u>

The returns include certain lands for which no considerations are reported; certain lands for which nominal deed considerations only are reported; certain street and highways vacated to the Central of New Jersey or its predecessors by municipalities without reported considerations; certain lands held by adverse possession; certain lands acquired through exchange for other lands; certain lands for which there is no reference to evidence of title, certain lands for which the considerations recited in deeds are other than of a monetary value; certain lands acquired through agreement to convey—no other evidence of titles; certain lands acquired by condemnation for which costs are not ascertainable; certain lands leased for which no costs are reported; and certain rights in public domain and private lands for which no costs are reported

The amounts reported as costs for the remaining lands owned, after making the changes noted are made up in part of costs supported by accounting records and in part of substantial considerations named in deeds or other instruments which the Central of New Jersey returned as costs but which are not supported by accounting records. These amounts and the proceeds from parts of parcels sold, both classified according to the classification herein of the lands to which they apply, are summarized as follows.

Classification	Costs supported by accounting records	Amounts not supported by accounting records
<i>As a whole</i>		
<b>Lands classified as carrier</b>		
Owned and used	\$4,705,451 12	\$2,301,952 46
Less any portions, not definitely determinable, assignable to parts of parcels sold for proceeds of	1,422,404 80	136,615 22
Owned, but used by other carriers	8 000 00	
Total, carrier lands	4,713,451 12	2,301,952 46
Less any portions, not definitely determinable, assignable to parts of parcels sold for proceeds of	1,422,404 80	136,615 22
<b>Lands classified as noncarrier</b>		
Owned	250,082 74	399,809 22
Less any portions, not definitely determinable, assignable to parts of parcels sold for proceeds of	3,700 00	5,250 00
<b>Lands classified as partly carrier and partly noncarrier</b>		
Owned and used	783,034 49	301,412 09
Less any portions, not definitely determinable, assignable to parts of parcels sold for proceeds of	5 600 00	146,550 00
Rights in public domain classified as carrier, owned and used river crossings	198 998 23	283,960 00
Rights in public domain classified as noncarrier, owned	1,511,942 51	
Rights in private lands classified as carrier, owned and used, including improvements	92,332 00	
<i>In New York</i>		
Lands classified as carrier, owned and used	141 868 68	
Lands classified as noncarrier, owned	70 300 00	110,150 00
Rights in public domain classified as carrier, owned and used	196 998 23	283,960 00
Rights in public domain classified as noncarrier, owned	1,511,942 51	
<i>In New Jersey</i>		
<b>Lands classified as noncarrier</b>		
Owned and used	4,563,582 44	2,301,952 46
Less any portions, not definitely determinable, assignable to parts of parcels sold for proceeds of	1,422,404 80	136,615 22
Owned but used by other carriers	8 000 00	
Total, carrier lands	4,571,582 44	2,301,952 46
Less any portions, not definitely determinable, assignable to parts of parcels sold for proceeds of	1,422,404 80	136,615 22
<b>Lands classified as noncarrier</b>		
Owned	179,782 74	289,659 22
Less any portions, not definitely determinable, assignable to parts of parcels sold for proceeds of	3,700 00	5,250 00
<b>Lands classified as partly carrier and partly noncarrier</b>		
Owned and used	783,034 49	301,412 09
Less any portions, not definitely determinable, assignable to parts of parcels sold for proceeds of	5,600 00	146,550 00
Rights in public domain classified as carrier, owned and used river crossings	2,000 00	
Rights in private lands classified as carrier, owned and used, including improvements	92,332 00	

The information as to the original cost of the lands and rights owned by the lessors of the Central of New Jersey is given in the reports on those companies.

*Cost of machinery and equipment.*—The Central of New Jersey reports that it owns and uses 28,996 units of equipment, 440 roadway machines, and certain machinery, with costs aggregating \$49,605,179.92. A verification of the returns indicates that the number of units of equipment should be reduced by 37, that the units of roadway machines should be reduced by 19, and that the costs should be increased by \$14,732.68, as detailed below:

	Units	Amount
<b>Additions:</b>		
Roadway machines, inventoried but not reported.....	9	
Shop machinery—		
Reported by Wilkes-Barre & Scranton but owned by the Central of New Jersey.....		\$953.00
Reported by the Lehigh Coal & Navigation Company but owned by the Central of New Jersey.....		261,927.00
Power-plant machinery, reported by the Lehigh Coal & Navigation Company but owned by the Central of New Jersey.....		94,833.00
Freight-train cars, inventoried but not reported.....	2	
Work equipment—		
Transferred from work equipment.....	2	11,655.43
Inventoried but not returned.....	5	
<b>Total.....</b>	<b>18</b>	<b>369,368.43</b>
<b>Deductions:</b>		
Roadway machines—		
Owned and used by New York and Long Branch Railroad Company.....	27	681.51
Boiler and hoisting engine not inventoried.....	1	
Steam locomotives, reported but not inventoried.....	4	40,378.71
Freight-train cars, reported but not inventoried.....	35	23,067.41
Passenger-train cars—		
Transferred to work equipment.....	2	11,655.43
Club car No. 90, not in service.....	1	14,644.82
Floating equipment, "tug boats" Long Branch and Allentown, not inventoried.....	2	256,462.87
Work equipment, reported but not inventoried.....	1	7,555.00
Miscellaneous equipment, reported but not inventoried.....	1	100.00
<b>Total.....</b>	<b>74</b>	<b>354,635.75</b>
Net total additions.....		14,732.68
Net total deductions.....	56	

After making the changes noted above and classifying the returns according to the classification herein of the property to which they apply, the revised returns are summarized as follows:

Classification	Units	Costs supported by accounting records	Amounts estimated by the company or otherwise not supported by accounting records
<b>Machinery:</b>			
Roadway machines.....	421	\$54,744.58	\$10,522.91
Shop machinery.....		441,239.45	65,400.55
Power-plant machinery.....		549,400.70	73,647.02
Power-substation apparatus.....		13,800.00	17,459.00
<b>Total.....</b>		<b>1,099,184.73</b>	<b>764,039.48</b>
<b>Equipment:</b>			
Steam locomotives.....	543	6,986,491.47	1,311,297.63
Extra tender.....	2		3,650.00
Snowplow.....	8		1,300.00
Freight-train cars.....	26,636	24,810,515.36	1,000,944.67
Passenger-train cars.....	777	5,163,973.85	1,073,546.72
Floating equipment.....	182	5,711,663.00	173,718.27
Work equipment.....	703	478,395.75	577,278.17
Miscellaneous equipment.....	18	1,863.50	
<b>Total.....</b>	<b>28,959</b>	<b>43,182,602.93</b>	<b>4,643,785.46</b>

In addition to the above the following machinery and equipment, owned by others is used by the Central of New Jersey under lease.

Classification	Units	Costs supported by accounting records	Amounts estimated by the company or otherwise not supported by accounting records
Lehigh Coal & Navigation Company, power-plant machinery.....		\$47,363.64	\$376,836.36
United States Government, steam locomotives.....	1 29		
Atchison, Topeka & Santa Fe Railway Company, steam locomotives.....	1 3		
New Jersey Zinc Company, freight-train cars.....	10	11,680.00	

<sup>1</sup> Assigned by the United States Government for temporary use.

The information as to the original cost of machinery and equipment owned by the lessors of the Central of New Jersey is given in the reports on those companies.

#### IMPROVEMENTS ON LEASED RAILWAY PROPERTY

The investment in improvements on leased railway property on date of valuation is stated in the records as \$6,391,039.53. A division of this amount as maintained in the accounts of the Central of New Jersey is as follows:

Dover and Rockaway.....	\$29,631.34
Hibernia Mine Railroad.....	16,323.34
Lehigh Coal and Navigation Company.....	2,898,461.46
Ogden Mine Railroad.....	57,700.80
Piers and terminals, New York City.....	3,200,481.72
Wilkes-Barre and Scranton.....	188,440.87
Total.....	6,391,039.53

It was not determined whether the item of \$2,898,461.46 for improvements on the railroad property of the Lehigh Coal and Navigation Company includes the cost of improvements made by the Central of New Jersey to the properties of The Nesquehoning Valley Railroad Company and the Tresckow Railroad, which are leased by the Central of New Jersey together with the Lehigh Coal and Navigation Company's Lehigh and Susquehanna Railroad.

The item of \$3,200,481.72 includes \$2,982,452.69 for improvements on waterfront property leased from the City of New York. An additional amount of \$874,623.60 was charged to investment in road and equipment account and \$44,547.22 to an account styled "Reserve for additions and betterments," making a total expenditure of \$3,901,623.51. Title to such improvements reverts to the lessor upon termination of the leases which range from 1 to 10 years.

Under our accounting rules the cost of this work should have been amortized annually through charges to income and the portion of such costs unamortized at date of valuation would constitute the cost of rights in public domain. We find such costs to be \$196,998.23 for rights devoted to common-carrier use, and \$1,511,942.51 for rights devoted to noncarrier use. The latter amount should have been charged to miscellaneous physical property account and the balance of the total expenditure, less the \$196,998.23, or \$2,192,682.77, to profit and loss.

If these adjustments were made the balance in the account for improvements on leased railway property at date of valuation would be reduced to \$3,387,556.04.

In addition to the foregoing amounts, the Central of New Jersey charged to its profit and loss account \$221,328.61, less \$165,475.04 which was subsequently adjusted, which purports to be for additions and betterments made by it to leased railway property.

## INVESTMENTS IN OTHER COMPANIES

The investments in other companies on date of valuation are stated in the records at a total book value of \$18,079,254.33 and are represented in the accounts as follows:

Investments in affiliated companies.....	\$13,037,041.15
Other investments.....	4,818,592.96
Insurance and other funds.....	220,287.50
Other deferred assets.....	3,332.72
<b>Total.....</b>	<b>18,079,254.33</b>

A detail of this total follows:

	Affiliated companies	Other companies	Total book value
Stocks.....	\$8,905,775 50	\$28,703 34	\$8,934,478 84
Bonds.....	1,894,000 00	4,723,380 22	6,617,380 22
Advances.....	2,447,265.65		2,447,265.65
Miscellaneous.....		80,129 62	80,129.62
<b>Total.....</b>	<b>13,247,041.15</b>	<b>4,832,213.18</b>	<b>18,079,254.33</b>

  

	Par value	Book value
<b>Investments in affiliated companies:</b>		
Stocks—		
The Allentown Railroad.....	\$225,000 00	\$225,000 00
The American Dock and Improvement Company.....	30,000 00	1,000 00
The Bay Shore Connecting Railroad.....	27,900 00	24,059.40
Communi-paw Central Land Company.....	2,000 00	2,000 00
The Dover and Rockaway.....	75,000 00	79,000 00
Elizabethport and New York Ferry Company.....	1,455 00	1,455 00
The Easton and Western.....	50,000 00	50,000 00
Lehigh and Hudson River Railway Company.....	297,000 00	168,287 20
Lehigh and Wilkes Barre Coal Company.....	8,481,670 60	6,323,745 88
Manhattan Lighterage Company.....	1,975 00	1 00
Newark Warehouse Company.....	10,000 00	10,000 00
New York and Long Branch Railroad Company.....	2,000,000 00	2,000,000 00
The Ogdon Mine Railroad.....	20,000 00	18,031 00
Hunter Run Water Company.....	5,000 00	3,196 62
	11,144,980 00	8,905,775 50
Bonds—		
The Dover and Rockaway.....	35,000 00	35,000 00
Lehigh and Hudson River Railway Company.....	33,000 00	33,000 00
Newark Warehouse Company.....	1,375,000 00	1,375,000 00
New York and Long Branch Railroad Company—		
Investments in affiliated companies.....	\$241,000	
Insurance and other funds.....	210,000	
	451,000 00	451,000 00
<b>Total.....</b>	<b>1,814,000 00</b>	<b>1,814,000 00</b>
<b>Advances—</b>		
The Allentown Railroad.....		114,663 38
Communi-paw Central Land Company.....		1,830,750 45
The Easton and Western.....		132,773 10
New York and Long Branch Railroad Company.....		369,078 72
<b>Total.....</b>		<b>2,447,265.65</b>
<b>Other investments:</b>		
Stocks—		
Allentown Iron Company.....	148,500 00	20,000 00
Baltimore, Chesapeake and Atlantic Railway Company.....	1,000 00	1,000 00
Keystone Clay and Reduction Company.....	30 00	30 00
Northampton Portland Cement Company.....	122 77	122 77
Scranton Steel Company.....	10,000 00	1,000 00
Spring Brook Water Supply Company.....	375,000 00	6,341 57
Temple Iron Company.....	42,710 00	1 00
Water Gap and Schuylkill Railroad Company.....	900 00	100 00
Wilmsport and North Branch Railroad Company.....	7,543 00	100 00
<b>Total.....</b>	<b>586,707.77</b>	<b>28,703 34</b>

	Par value	Book value
Other investments—Continued.		
Bonds—		
The Reading and The Philadelphia and Reading Coal and Iron Company (joint).....	\$4,866,000.00	\$4,554,760.00
Sea Coast Railroad Company.....	3,500.00	3,500.00
Scranton Axle and Spring Company.....	2,500.00	2,500.00
Standard Portland Cement Company.....	95,000.00	95,000.00
United States Liberty bonds, 3.5 per cent.....	54,000.00	54,000.00
New York City, 4.5 per cent (forms a part of general balance sheet account "Insurance and other funds").....	10,000.00	10,287.50
New York City 3.5 per cent bonds.....	350.00	332.72
New York City 4.5 per cent bonds.....	3,000.00	3,000.00
Total.....	5,034,350.00	4,723,380.22
Real-estate mortgages.....		80,120.62

The New York City 3.5 and 4.5 per cent bonds are on deposit with the City of New York and form a part of general balance sheet account "Other Deferred Assets." The foregoing tabulation includes the nominal values ascribed by the Central of New Jersey to certain securities of affiliated companies which are now inactive corporations, namely, The American Dock and Improvement Company, Elizabethport and New York Ferry Company, and Manhattan Lighterage Company.

#### MISCELLANEOUS PHYSICAL PROPERTY

The investment in miscellaneous physical property on date of valuation is stated in the books as \$3,246,178.56, representing the following:

Central Building, Liberty and West Streets, New York City...	\$1,829,478.44
Summit Hill Railroad and equipment.....	32,266.54
Real estate owned, in Pennsylvania.....	46,871.73
Real estate, miscellaneous.....	1,337,561.85
Total.....	3,246,178.56

In addition to the above the Central of New Jersey has charged to its account for improvements on leased railway property \$1,511,942.51 which we find to be the cost of rights in public domain devoted to noncarrier use. If this were added to the foregoing total the balance in the account for miscellaneous physical property at date of valuation would be increased to \$4,758,121.07.

The considerations given in exchange for the above miscellaneous physical property can not be ascertained from the records. However, certain lands owned by the Central of New Jersey have been classified as noncarrier lands and certain other lands have been classified as partly carrier and partly non-carrier. A summary of the costs reported by the Central of New Jersey as applying thereto is stated in the chapter on original cost to date. The portion of such costs that would be includible in the miscellaneous physical property account has not been indicated by the records reviewed. On the other hand, it is known that the account does not include any of the undetermined costs of Pier 8, together with appurtenances, situated at Jersey City, N. J., which is owned by the Central of New Jersey and used jointly with Burns Brothers, retail coal dealers, for both carrier and noncarrier purposes. The Central of New Jersey states that the percentage of use is approximately 50 per cent for common-carrier purposes and 50 per cent for commercial use. The account may not include some or all of the costs of numerous coal trestles along the Central of New Jersey's right of way which are used for noncarrier purposes.

## MATERIAL AND SUPPLIES

The Central of New Jersey has no balance in its material and supplies account on date of valuation. The balance of material and supplies on hand December 31, 1917, amounting to \$4,717,925.15, was taken over by the United States Railroad Administration.

## LEASED RAILWAY PROPERTY

The Central of New Jersey used, on December 31, 1917, facilities owned by other companies, and other companies used facilities owned by the Central of New Jersey, to the extent indicated in the statement below. A description of the property operated, the terms of use, and the rentals accrued and charged or credited to income for the year ending on December 31, 1917, are as follows:

Solely owned, but jointly used, used with—	Rentals
Delaware and Hudson Company: Tracks, about 1.46 miles, from Hudson to Union Junction, Pa. Each company owns one track between these points, the two tracks being operated as one double-track line. Cost of maintenance is apportioned between the users on basis of tons handled by each. No rental recorded.....	
Delaware, Lackawanna and Western Railroad Company: Tracks, 0.55 mile, from Phillipsburg, N. J., to Easton, Pa. Tenant company pays 5 cents per passenger transported over these tracks. Rental.....	\$219. 55
Lehigh Valley Railroad Company: Tracks, 6.65 miles, from Jersey City to Oak Island Junction, N. J., including terminal facilities. Tenant company pays annual rental of \$250,000 and 10 per cent of its revenue from passengers from certain points using the Jackson Avenue Station. Rental.....	162, 500. 00
Pennsylvania Railroad Company: Tracks, 1.70 miles, from Woodbridge Junction to Raritan River Bridge, N. J. Tenant company pays \$13,000 per annum. Rental credited.....	8, 450. 07
Philadelphia and Reading—	
Tracks, 4.30 miles, from South Bethlehem to Allentown, Pa. Tenant company pays 4 cents per gross ton of freight moved and 10 cents per empty car moved in excess of loaded cars. Rental credited.....	65, 211. 97
Tracks, 1.60 miles from Bound Brook to Bound Brook Junction, N. J. Tenant company pays 50 per cent of its gross earnings from traffic over these tracks. Rental.....	380. 70
Tracks, 6.70 miles, from Bound Brook to Dunnellon, N. J. Trackage rights for one passenger train per day. Tenant company pays 50 per cent of earnings from traffic over these tracks. No rental recorded.....	
Wilkes-Barre and Eastern Railroad Company: Tracks, 3.07 miles, from Union Junction to Eberharts, Pa. Tenant company pays 5 cents per gross ton of anthracite coal transported. No rental recorded.....	
Wharton and Northern Railroad Company: Tracks, 0.96 mile, from Hopatcong Junction to Lake Junction, N. J. Tenant company pays on basis of usage. No rental recorded.....	



Solely owned, but jointly used, used with—Continued.

	Rentals
Allentown Railroad Company and Philadelphia and Reading: Towers and interlockers at Allentown, Pa. Tenant companies pay a portion of the operating and maintenance cost on basis of usage. No rental recorded.....	
Philadelphia and Reading: Yard at Allentown, Pa. Tenant company pays on basis of usage, a portion of the operation and maintenance costs. Rental credited.....	\$6, 943. 88
Lehigh and New England Railroad Company: Tracks, turntable, and station facilities at Bethlehem Junction, Pa. Tenant company pays \$115 per month. Rental credited....	822. 25
Delaware, Lackawanna and Western Railroad Company and Lehigh and Hudson River Railroad Company: Station facilities at Easton, Pa. Tenant companies pay a portion of the salaries of ticket and baggage agents. Rental credited..	825. 00
Lehigh Valley Railroad Company— Interchange tracks at Easton, Pa. Reciprocal arrangements. The tenant company grants to the Central of New Jersey the right to use certain of its tracks at Constables' Hook, N. J.....	
Tower and interlocker at Phillip's Street, Jersey City, N. J. Tenant company pays 50 per cent of the operating and maintenance costs. No rental recorded.....	
Pennsylvania Railroad Company: Tracks at Newark, N. J. Tenant company pays 5 per cent on one-half of the agreed value plus one-half of sidetrack connections, and a portion of the maintenance cost. Rental credited.....	279. 94
Lehigh Valley Railroad Company: Interlocker at Penn Haven Junction, Pa. Tenant company pays one-third of the operator's salary. No rental.....	
Delaware, Lackawanna and Western Railroad Company: Tracks and other facilities at Phillipsburg, N. J. Tenant company pays \$100 per month. Rental credited.....	550. 00
New York, Ontario and Western Railway Company: Terminal facilities at Scranton, Pa. Tenant company pays, on basis of usage, a portion of interest on valuation and operating and maintenance costs. Rental credited.....	7, 317. 08
Delaware and Hudson Company: Crossing gates at Wilkes-Barre, Pa. Tenant company pays 50 per cent of the gate-man's wages. No rental recorded.....	
New York, Susquehanna and Western Railroad Company: Tracks between Wilkes-Barre and Ridgewood Colliery, Pa. Tenant company pays 4 cents per ton of freight transported by it over these tracks. No rental recorded.....	
Baltimore and Ohio Railroad Company and Philadelphia and Reading: Ferry between Jersey City, N. J., and West Twenty-third Street, New York, N. Y. Baltimore and Ohio pays \$20,000 per annum and the Philadelphia and Reading 33 per cent of the operating and maintenance expenses. For the year ended on date of valuation, the Baltimore and Ohio paid \$20,000 and the Philadelphia and Reading, \$103,254.61. Total.....	123, 254. 61

149 I. C. C.

Jointly owned and jointly used, owned with—

Rentals

New York and Long Branch Railroad Company—

Tower and interlocker at Red Bank, N. J. Ownership, operation, and maintenance divided; Central of New Jersey, 38 per cent; New York and Long Branch Railroad Company, 62 per cent. No rental recorded-----

Tower and interlocker at West End, N. J. Ownership, operation, and maintenance divided; Central of New Jersey, 70 per cent; New York and Long Branch, 30 per cent. No rental recorded-----

Tower and interlocker at Matawan, N. J. Ownership, operation, and maintenance divided. Central of New Jersey, 27 per cent; New York and Long Branch, 73 per cent. No rental recorded-----

Tower and interlocker at Branchport, N. J. Ownership, operation, and maintenance divided; Central of New Jersey, 9 per cent; New York and Long Branch, 91 per cent. No rental recorded-----

Perth Amboy and Woodbridge Railroad Company: Tower and interlocker, "W. C." Tower, Perth Amboy, N. J. Operation and maintenance divided, 50 per cent each. No rental recorded-----

Lehigh Valley Railroad Company and Pennsylvania Railroad Company: Tower and interlocker at Oak Island Junction (Newark, N. J.). Owned with the Central of New Jersey, 39.4 per cent; Lehigh Valley 43.9 per cent; Pennsylvania Railroad, 16.7 per cent. Cost of maintenance and operation divided; Central of New Jersey 16 $\frac{2}{3}$  per cent; Lehigh Valley, 16 $\frac{2}{3}$  per cent; Pennsylvania Railroad 66 $\frac{2}{3}$  per cent. No rental recorded-----

Philadelphia and Reading: Tower and interlocker at Bound Brook Junction, N. J. Owned, Central of New Jersey, 52.5 per cent; Philadelphia and Reading, 47.5 per cent. Central of New Jersey pays 50 per cent of cost of maintenance and 66 $\frac{2}{3}$  per cent of cost of operation. No rental recorded-----

Lehigh Valley Railroad Company: Tower and interlocker at Perth Amboy, N. J. Owned, Central of New Jersey, 33 $\frac{1}{2}$  per cent; Lehigh Valley, 66 $\frac{2}{3}$  per cent. Central of New Jersey pays 50 per cent of cost of operation and 33 $\frac{1}{2}$  per cent of the cost of maintenance. No rental recorded-----

Delaware, Lackawanna and Western Railroad Company—

Grade crossing signals at Lake Junction, N. J. Ownership and cost of maintenance divided, 50 per cent each. No rental recorded-----

Station facilities at Hampton, N. J. Ownership and cost of operation and maintenance divided, 50 per cent each. No rental recorded-----

Station facilities at Phillipsburg, N. J. Owned 50 per cent each. Central of New Jersey pays 60 per cent of all expenses. No rental recorded-----

Pennsylvania Railroad Company: Station facilities at Whittings, N. J., owned, Central of New Jersey, 10.2 per cent; Pennsylvania Railroad, 89.8 per cent. Central of New Jersey pays one-third of wages of agents, clerks, and warehouses men and also one-third of cost of supplies (excluding stationery). No rental recorded-----

Solely used but not owned, leased from The Lehigh Coal and Navigation Company, lessor: Rentals

The Lehigh Coal and Navigation Company (Lehigh and Susquehanna Railroad): Entire property; lease effective Apr. 1, 1871, and for the period of the charter of the owning company-----

The Nesquehoning Valley Railroad Company: Entire property, exclusive of tunnel connecting the Nesquehoning and Panther Valleys. Lease effective Apr. 1, 1871, and for the period of 999 years from Nov. 4, 1868.-----

The Tresckow Railroad Company: Entire property; lease effective Apr. 1, 1871, and for the period of the charter of the owning company.

The Central of New Jersey pays all taxes and other charges, maintains the properties, and pays to The Lehigh Coal and Navigation Company as yearly rental a sum equaling one-third of the gross receipts of the leased property, such sum not to exceed \$2,043,000. In addition, the Central of New Jersey is obligated to pay each year a sum equaling 7 per cent on the amount which shall be charged after December 31, 1882, upon the books of the lessor for additions and betterments made to the property by the Central of New Jersey or the lessor. In practice, however, a sum equaling 7 per cent on the cost of certain additions and betterments is paid. The costs of other additions and betterments are recorded on the books of the Central of New Jersey as investments in improvements on leased railway property and are not therefore entered in the records of the lessor. The rental accrued for the year ended December 31, 1917, was as follows:

		Rentals
Maximum rental-----	\$2, 043, 000. 00	
7 per cent of the cost of additions and betterments entered on the books of the lessor-----	145, 862. 88	
Other items unexplained in the accounts-----	1, 077. 12	
	\$2, 189, 940	\$2, 189, 940

Solely used but not owned, leased from—

Dover and Rockaway: Entire property, leased to The Longwood Valley Railroad Company for the period of 999 years from Apr. 1, 1881; the Central of New Jersey succeeded to the leasehold estate by the merger of the Longwood Valley Railroad. Annual rental 6 per cent on capital stock, interest on funded debt, and \$500 for organization expenses. Rental for the year ended Dec. 31, 1917, was as follows—

6 per cent on capital stock-----	2, 100	
Interest on funded debt-----	9, 000	
Maintenance on investment organization--	500	
	11, 600	11, 600

The Ogden Mine Railroad: Entire property; term, 999 years from Jan. 1, 1882; annual rental \$23,000; rental accrued for the year ended Dec. 31, 1917, was as follows—

Maintenance of investment organization--	500	
5 per cent on outstanding capital stock---	22, 500	
	23, 000	23, 000

In addition to the track and other facilities the Central of New Jersey acquired a leasehold interest in the equipment of the Ogden Mine. The rental shown above includes the rent for equipment.

Solely used but not owned, leased from—

Rentals

Wilkes-Barre and Scranton: Entire property, leased to the Lehigh Coal and Navigation Company on May 1, 1888, for the full period of the charter of the lessor. On the same date the Lehigh Coal and Navigation Company assigned its leasehold interest to the Central of New Jersey for the period in which the latter may retain its leasehold interest in the railroad property of The Lehigh Coal and Navigation Company, which is designated as the Lehigh and Susquehanna Railroad. The Central of New Jersey pays all taxes and other charges, maintains the property, and pays to The Lehigh Coal and Navigation Company as annual rental a sum equaling 6 per cent on the cost of the property as such cost appears in the books of the lessor. The lease agreement also provides that the cost of additions and betterments shall be paid by the lessor. In practice, however, the expenditures for certain additions and betterments are recorded by the Central of New Jersey as investments in improvements on leased railway property and are not therefore recorded on the books of the lessor. Rent for the year ended Dec. 31, 1917, represented 6 per cent of the cost of the property to Sept. 30, 1908, namely \$1,110,108.36, the rental amounting to.....

\$66, 606. 48

Hibernia Mine Railroad: Entire property; term 20 years from Oct. 1, 1910. The Central of New Jersey is obligated to pay all taxes and other charges, maintain the property, and pay as annual rental a sum equaling 25 per cent on each \$1,000 of gross earnings in excess of \$3,500, such rental to be not less than \$6,000 nor more than \$12,000, and a further sum of \$500 for organization expenses. Rental accrued for year ending Dec. 31, 1917.....

6, 500. 00

Easton and Western: Entire property; controlled through ownership of outstanding capital stock. Operated without formal agreement. Rental for year ended Dec. 31, 1917, not stated.....

Jointly used, but not owned, owned by—

Allentown Terminal: Tracks, 3.629 miles, including branches, from a junction with The Lehigh Coal and Navigation Company in the city of Allentown through Allentown and South Allentown, Pa., to another connection with that company. Leased jointly to the Philadelphia and Reading and The Lehigh Coal and Navigation Company for the period of 999 years from July 10, 1889. The Lehigh Coal and Navigation Company assigned its leasehold interest to the Central of New Jersey for the term in which the Central of New Jersey may retain its leasehold interest in the railroad designated as the Lehigh and Susquehanna. The joint lessees are obligated to pay all taxes and other charges, maintain the property, and pay as annual rental \$40,500, the Central of New Jersey's proportion of such charges being two-thirds of the total. Rental accrued for the year ended Dec. 31, 1917....

27, 000. 00

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

Rentals

The Bay Shore Connecting Railroad: Entire property, including 1.103 miles of tracks in the City of Newark, N. J., jointly used with the Lehigh Valley, the joint users owning an equal part of all the outstanding capital stock of the owning company. The joint users pay in equal parts, and include in their general accounts, the expenses of operations-----		
Delaware and Hudson Company—		
Tracks, about 1.46 miles, between Union Junction and Hudson, Pa. Each company owns one track between these points, both tracks being operated as one double-track line. Cost of maintenance is apportioned between the users on basis of tonnage handled by each. No rental recorded-----		
Tracks, about 9.66 miles, including freight facilities between Union Junction and Minooka, Pa. Rental computed on the basis of usage. Rental paid-----		\$11, 547. 08
Tracks, 2.16 miles between Plymouth Junction and Wilkes-Barre, Pa. Central of New Jersey pays 3 cents per ton of coal transported over these tracks. Rental paid-----		10, 209. 51
Delaware, Lackawana and Western Railroad Company: Tracks, 1.5 miles, from Plymouth to Nottingham Colliery, Pa. Central of New Jersey pays 4 cents per ton of coal transported over these tracks. Rental paid-----		19, 759. 02
Pittston Coal Mining Company: Tracks, 1.44 miles, between Nanticoke branch and Hadleigh colliery, Pa. Terms of use not shown-----		
Lehigh and New England Railroad Company—		
Tracks, 1.43 miles, between Mary D. Colliery and Tuscarora Junction, Pa. Central of New Jersey pays 42.5 per cent of its gross earnings from traffic over these tracks. Rental-----		772. 67
Tracks, 5.40 miles, between Hauto and Greenwood Junction, Pa. Terms variable and as agreed to by the superintendents of the two companies from time to time. Rental paid-----		4, 882. 14
Lehigh and Wilkes-Barre Coal Company: Tracks, 1.05 miles between Franklin Junction and the Nanticoke branch (Pa.). Central of New Jersey maintains the property. No rental recorded-----		
Lehigh Valley Railroad Company: Tracks, 1.85 miles, between Claremont and National Junction, N. J. Rental computed on basis of tons of freight and number of passenger cars handled. Rental paid-----		
		122, 280. 03
Philadelphia and Reading—		
Tracks, 5.38 miles, between Tamanend and Silver Brook, Pa. Central of New Jersey pays 42.5 per cent of its earnings over these tracks. Rental paid-----		23, 810. 89
Tracks, 11.10 miles, between Greenwood and Kaska William, Pa. Central of New Jersey pays 42.5 per cent of its earnings from traffic over these tracks, a minimum of $4\frac{1}{4}$ mills per ton-mile to be observed. Rental paid-----		3, 077. 89
		149 I. C. C.

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

Philadelphia and Reading—Continued.

Rentals

Tracks, 2.61 miles, between a junction with the Tresckow Railroad and Coleraine Colliery, Pa. Owned by the Beaver Meadow, Tresckow and New Boston Railroad Company. The cost of maintenance is apportioned between the users on basis of tonnage moved. No rental recorded-----

West End Coal Company: Tracks, 1.95 miles, between Lee and West End Summit Yards, Pa. Owing company maintains the property without cost to the Central of New Jersey. No rental recorded-----

Delaware and Hudson Company—

Interlocker at Hudson, Pa. Central of New Jersey pays 50 per cent of the wages of three towermen. No rental recorded-----

Interlocker at Minooka Junction, Pa. Central of New Jersey pays the wages of towermen. No rental recorded-----

Crossing protection between Wilkes-Barre and Miners Mills, Pa. Operations and maintenance divided, 50 per cent each. No rental recorded-----

Lehigh Valley Railroad Company—

Tower and interlocker at Bethlehem, Pa. Central of New Jersey pays 8.3 per cent of the operation and maintenance costs. No rental recorded-----

Station facilities at Penn Haven Junction, Pa. Central of New Jersey pays 50 per cent of the agent's salary and \$15 per month for the space occupied by its interlocker. Rental-----

\$110.00

The Pennsylvania Railroad Company: Station facilities at Farmingdale, N. J. The Central of New Jersey pays 50 per cent of salaries, wages, and maintenance. No rental recorded-----

Port Reading Railroad Company: Tower and interlocker at Port Reading Crossing, N. J. Central of New Jersey pays 16.3 per cent of the operation and maintenance costs. No rental recorded-----

New York and Long Branch Railroad Company—

Station facilities at Branchport, N. J. Central of New Jersey pays \$70 per month towards the salaries of station employees. No rental recorded-----

Station facilities at Red Bank, N. J. Central of New Jersey pays \$50 per month toward the employees salaries. No rental recorded-----

Station facilities at Matawan, N. J. Central of New Jersey pays \$90 per month for use. No rental recorded-----

Station facilities at West End, N. J. Central of New Jersey pays \$60 per month towards salaries-----

Chestnut Street crossing protection at Red Bank, N. J. Central of New Jersey pays \$13 per month toward salary of flagman. No rental recorded-----

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

	Rentals
New York and Long Branch Railroad Company—Continued.	
Crossing protection at Brighton Avenue, at West End, N. J. Central of New Jersey pays \$25 per month toward salary of flagman. No rental recorded.....	-----
Atlantic City Railroad Company: Tracks, 31 miles, between Winslow Junction and Atlantic City, N. J. Central of New Jersey pays 50 per cent of its train earnings over these tracks. Rental for year ended on date of valuation.....	\$10, 382. 21

GENERAL BALANCE SHEET STATEMENTS

The general balance sheet statement of the Central of New Jersey, as of date of valuation, is as follows:

ASSETS	
<b>Investments:</b>	
Investment in road and equipment.....	\$106, 014, 267. 09
Improvements on leased railway property.....	6, 391, 039. 53
Miscellaneous physical property.....	3, 246, 178. 56
Investments in affiliated companies—	
(a) Stocks.....	\$8, 905, 775. 50
(b) Bonds.....	1, 684, 000. 00
(d) Advances.....	2, 447, 265. 65
	13, 037, 041. 15
<b>Other investments—</b>	
(a) Stocks.....	28, 703. 34
(b) Bonds.....	4, 709, 760. 00
(e) Miscellaneous.....	80, 129. 62
	4, 818, 592. 96
<b>Total.....</b>	133, 507, 119. 29
<b>Current assets:</b>	
Cash.....	2, 555. 64
Special deposits.....	1, 411, 111. 57
Loans and bills receivable.....	2, 423. 42
Traffic and car-service balances receivable.....	370, 074. 80
Miscellaneous accounts receivable.....	795, 555. 58
Interest and dividends receivable.....	111, 718. 67
Rents receivable.....	4, 676, 057. 64
Other current assets.....	24, 974. 11
<b>Total.....</b>	7, 394, 471. 43
<b>Deferred assets:</b>	
Working-fund advances.....	13, 940. 84
Insurance and other funds.....	228, 969. 73
Other deferred assets.....	20, 558, 496. 02
<b>Total.....</b>	20, 801, 406. 59
<b>Unadjusted debits:</b>	
Rents and insurance premiums paid in advance.....	22, 537. 50
Discount on funded debt.....	1, 100. 00
Property abandoned chargeable to operating expenses...	438, 064. 72
Other unadjusted debits.....	3, 435, 950. 80
Securities issued or assumed, unpledged..	\$3, 567, 000. 00
<b>Total.....</b>	3, 897, 653. 02
<b>Grand total.....</b>	165, 600, 650. 33

## LIABILITIES

Stock, capital stock.....	\$27, 436, 800. 00
Long-term debt, funded debt unmatu- red:	
Book liability at date of valuation.....	52, 478, 000. 00
Held by or for carrier at date of valuation.....	3, 567, 000. 00
Actually outstanding at date of valuation.....	48, 911, 000. 00
Current liabilities:	
Loan and bills payable.....	5, 500, 000. 00
Traffic and car-service balances payable.....	162, 846. 64
Audited accounts and wages payable.....	53, 121. 59
Miscellaneous accounts payable.....	723, 788. 70
Interest matured unpaid.....	959, 273. 75
Dividends matured unpaid.....	561, 776. 50
Funded debt matured unpaid.....	9, 831. 60
Unmatured dividends declared.....	548, 736. 00
Unmatured rents accrued.....	4, 250. 00
Other current liabilities.....	344. 60
Total.....	8, 523, 969. 38
Deferred liabilities, other deferred liabilities.....	18, 048, 994. 24
Unadjusted credits:	
Tax liability.....	557, 888. 70
Accrued depreciation, equipment.....	13, 036, 368. 72
Other unadjusted credits.....	1, 225, 800. 60
Total.....	14, 820, 058. 02
Corporate surplus:	
Additions to property through income and surplus.....	39, 078, 070. 28
Profit and loss credit balance.....	8, 781, 758. 41
Total.....	47, 859, 828. 69
Grand total.....	165, 600, 650. 33

The general balance sheet statement of the United States Railroad Administration, as of date of valuation, covering its operation of the property of the Central of New Jersey, is as follows:

## ASSETS

Current assets:	
Cash.....	\$1, 012, 212. 57
Traffic and car-service balances receivable.....	222, 760. 66
Net balance receivable from agents and conductors.....	4, 074, 235. 10
Miscellaneous accounts receivable.....	3, 665, 631. 37
Material and supplies.....	5, 846, 089. 43
Other current assets.....	2, 891. 25
Total.....	14, 823, 820. 38
Deferred assets, other deferred assets.....	16, 507, 475. 08
Unadjusted debits, other unadjusted debits.....	2, 308, 383. 28
Grand total.....	33, 639, 678. 74



LIABILITIES	
<b>Current liabilities:</b>	
Traffic and car-service balances payable.....	\$630, 745. 97
Audited accounts and wages payable.....	4, 421, 898. 36
Miscellaneous accounts payable.....	699, 312. 06
Unmatured interest accrued.....	4, 513. 88
Other current liabilities.....	832. 53
Total.....	5, 757, 302. 80
Deferred liabilities, other deferred liabilities.....	19, 682, 050. 13
<b>Unadjusted credits:</b>	
Tax liability.....	968, 179. 35
Accrued depreciation, equipment.....	591, 640. 88
Other unadjusted credits.....	4, 887, 953. 07
Total.....	6, 447, 773. 30
Corporate surplus, profit and loss credit balance.....	1, 752, 552. 51
Grand total.....	33, 639, 678. 74

### Lessor Companies

#### DOVER AND ROCKAWAY

##### INTRODUCTORY

The Dover and Rockaway is a corporation of the State of New Jersey, having its principal office at Jersey City, N. J. On date of valuation it was controlled by its stockholders, none of whom held a controlling interest. It did not control any common-carrier corporation. From the date of completion in 1881 to May 29, 1883, the property was operated by the Central of New Jersey or its receivers through their control of The Longwood Valley Railway Company; from May 29, 1883, to December 31, 1886, by The Philadelphia and Reading Railway Company or its receivers as lessee of the Central of New Jersey; and from January 1, 1887, to December 31, 1917, by the Central of New Jersey or its receivers. On January 1, 1918, the common-carrier property of the company was taken over for operation by the United States Railroad Administration, and it is so operated on date of valuation.

##### CORPORATE HISTORY

The Dover and Rockaway was incorporated March 8, 1880, under the general laws of New Jersey, for the purpose of constructing a railroad between Port Oram and Rockaway, N. J. Its organization was perfected March 4, 1880.

##### DEVELOPMENT OF FIXED PHYSICAL PROPERTY

In the year 1881 the Dover and Rockaway commenced the construction of the above-described railroad, which it completed and leased to the Central of New Jersey for operation in that year.

##### HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records of the Dover and Rockaway do not indicate any syndicating arrangements in connection with the issuance of securities.

*Capital stock and long-term debt.*—From the date of its incorporation, March 8, 1880, to date of valuation, the Dover and Rockaway has issued capital stock and funded debt, as disclosed by its records, aggregating \$185,000, all of which is actually outstanding. The securities issued consisted of \$150,000 in capital stock and \$35,000 in funded debt.

*Capital stock.*—The authorized capital stock was \$150,000 par value, all of which has been issued. Of the total amount, \$100,000 was issued at par for cash and \$50,000 was issued to the Central of New Jersey in part settlement of its expenditures for additions and betterments made to the property by the latter company.

*Funded debt.*—The Dover and Rockaway issued for cash at par, first-mortgage 25-year 6 per cent bonds, dated January 1, 1881, in the par value of \$35,000. These securities matured January 1, 1906, and are being carried by the holders without a specific agreement for extension. The rental paid by the lessee includes the interest on these bonds.

## RESULTS OF CORPORATE OPERATIONS

The results of corporate operations for the period prior to July 1, 1905, can not be ascertained from the obtainable accounting records.

*Income statement.*—The income for the calendar year ended December 31, 1917, and for the period from July 1, 1905, to date of valuation, as compiled from the reports of the Central of New Jersey to us, follows:

	Year	Period
Nonoperating income, income from lease of road.....	\$11, 600	\$145, 700
Deductions from gross income:		
Interest on funded debt.....	2, 100	27, 300
Maintenance of investment organization.....	500	5, 000
Dividend appropriations of income.....	9, 000	113, 400
Total deductions from gross income.....	11, 600	145, 700

In addition, there is recorded the receipt of \$1,500 described as representing the expenses of maintaining its investment organization for the 3-year period ended December 31, 1884.

*Dividends.*—During the period from July 1, 1905, to date of valuation the Dover and Rockaway appropriated from income a total of \$113,400 as dividends. Under the terms of the lease the dividend rate is 6 per cent per annum.

## INVESTMENT IN ROAD AND EQUIPMENT

The investment of the Dover and Rockaway in road, including land, no equipment being owned, on date of valuation, is stated in its books as \$184,300, of which an analysis follows:

Road constructed, additions, and betterments:	
Capital stock issued, par value.....	\$150, 000
Funded debt issued, par value.....	35, 000
	185, 000
Less the recorded estimated value of lands classified as miscellaneous physical property.....	700
Net total.....	184, 300

These outlays may include some or all of the undeterminable portions assignable to noncarrier lands of the verified cost of lands classified herein as partly carrier and partly noncarrier. The Dover and Rockaway has charged to its miscellaneous physical property account the amount of \$700 as representing the

recorded estimated value of lands reclassified or withdrawn from railroad uses. It can not be determined from the records reviewed what part of the cost of the above lands would be includible in the miscellaneous physical property account. The costs of such lands as indicated by the accounting records are stated in the chapter on original cost to date.

## ORIGINAL COST TO DATE

The original cost to date of the road, including land, there being no equipment, owned by the Dover and Rockaway and used for common-carrier purposes, has not been definitely ascertained. The data obtained on the outlay for creating and improving the property to date of valuation are those included in the cash books of the Dover and Rockaway and in the accounts of the Central of New Jersey for investments in improvements on leased railway property, as follows:

## Recorded money outlay:

Outlay by the Dover and Rockaway .....	\$135, 409. 17
Outlay by the Central of New Jersey, including the \$29,631.34 now carried in improvements on leased railway property---	87, 433. 86
Total.....	222, 843. 03
Less any outlay, not definitely determinable, that represent—	
Lands reclassified as miscellaneous physical property, credited at.....	700. 00
Property retired, credited at.....	7, 796. 71

These outlays may include some or all of the undetermined portions assignable to noncarrier lands of the cost of lands classified herein as partly carrier and partly noncarrier. The Dover and Rockaway has charged to its miscellaneous physical property account \$700 as representing its investment in miscellaneous physical property. It has not been determined from the records what part of the cost of these lands would be includible in the miscellaneous physical property account. Their cost, as indicated by accounting records, is stated in the section of this chapter devoted to cost of lands.

*Cost of lands.*—The Dover and Rockaway reports amounts aggregating \$45,-769.50 as the outlays by itself in connection with lands owned, including non-carrier land. A verification of the amounts indicates that the reported outlays should be reduced by \$3,136, consisting of land dedicated as a public street, \$286, and estimated miscellaneous, incidental, and attendant costs, \$2,850. The returns include certain lands for which nominal deed considerations only are reported, certain lands for which there is no reference to evidence of title, and certain rights in private lands for which no costs are reported. The amounts reported as costs for the remaining lands owned, after making the changes noted, are made up in part of costs supported by the accounting records and in part of substantial considerations named in deeds or other instruments which the Dover and Rockaway returned as costs but which are not supported by accounting records. These amounts, classified according to the classification herein of the lands to which they apply, all in New Jersey, are summarized as follows:

Classification	Costs supported by accounting records	Amounts not supported by accounting records
Lands classified as carrier, owned but leased to the Central of New Jersey .....	\$37, 832. 50	\$1. 00
Lands classified as partly carrier and partly noncarrier, owned but used partly by the Central of New Jersey .....	3, 809. 00	-----
Rights in public domain classified as carrier, owned but leased to the Central of New Jersey .....	1, 000. 00	-----

## MISCELLANEOUS PHYSICAL PROPERTY

On date of valuation the balance in the miscellaneous physical property account of the Dover and Rockaway was \$700, representing the recorded estimated value of lands reclassified or withdrawn from railroad uses. It has not been determined from the records what part of the cost of lands classified by us as partly carrier and partly noncarrier was included in the recorded investment in miscellaneous physical property. The recorded costs of such lands are stated in the chapter on original cost to date.

## LEASED RAILWAY PROPERTY

On April 26, 1881, the property of the Dover and Rockaway was leased to the Longwood Valley Railroad Company for a term of 990 years from April 1, 1881. At the time of the lease the property of the Longwood Valley Railroad Company was being operated by the Central of New Jersey, and on December 30, 1887, the Longwood Valley Railroad Company merged and consolidated with the Central of New Jersey. The latter thus became the lessee of the property of the Dover and Rockaway. The lessee is obligated to pay all taxes and other charges, maintain the property, and pay as annual rental a sum equaling 6 per cent on the outstanding capital stock, the interest on funded debt, and \$500 for the maintenance of investment organization. The aggregate of such rental items is not to exceed an amount equaling 6 per cent on the actual cost of the property leased. The rental received from the lease of the property for the year ended December 31, 1917, was \$11,600. This amount represents dividends on capital stock, \$9,000, interest on funded debt, \$2,100, and maintenance of investment organization, \$500.

## GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement, as of date of valuation, is as follows:

ASSETS	
Investments:	
Investment in road and equipment.....	\$184,300
Miscellaneous physical property.....	700
Total.....	185,000
LIABILITIES	
Stock, capital stock.....	150,000
Current liabilities, funded debt matured unpaid.....	35,000
Total.....	185,000

## HIBERNIA MINE RAILROAD

## INTRODUCTORY

The Hibernia Mine Railroad is a corporation of the State of New Jersey, having its principal office at Dover, N. J. It is controlled by the Pennsylvania Company for Insurance on Lives and Granting Annuities, which as trustees for three individuals holds 1,620 of the 2,000 shares of outstanding stock. The Hibernia Mine Railroad controls no common-carrier corporation.

The Hibernia Mine Railroad was operated by its own organization from date of completion to October 1, 1890. From that date to December 31, 1917, it was operated under lease by the Central of New Jersey. On January 1, 1918, its common-carrier property was taken over by the United States Railroad Administration, and it is so operated on date of valuation.

The accounting records of the Hibernia Mine Railroad are incomplete. The information here submitted was taken therefrom and from the returns of the Central of New Jersey covering corporate history.

#### CORPORATE HISTORY

The Hibernia Mine Railroad was incorporated March 18, 1863, by a special act that day approved, with authority to construct and operate a railroad from the Hibernia Mines to a connection with the Morris and Essex Railroad Company. Its organization was perfected April 8, 1863.

#### DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The property of the Hibernia Mine Railroad was constructed by its own forces and placed in operation during the year 1863.

#### HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records of the Hibernia Mine Railroad do not indicate any syndicating arrangements in connection with issuance of its securities.

*Capital stock.*—From the date of its incorporation, March 18, 1863, to date of valuation, the Hibernia Mine Railroad has issued capital stock, as disclosed by its records, in the par value of \$200,000, all of which is outstanding on date of valuation. This stock was issued for the following-named considerations:

Par value	Consideration	Recorded value
<i>Issued</i>		
\$45,000	Cash.....	\$45,000
130,000	Issued as dividends and charged to profit and loss.....	130,000
25,000	Issued for considerations not definitely determinable.....	25,000
200,000	Securities outstanding on date of valuation.....	200,000

#### RESULTS OF CORPORATE OPERATIONS

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

*Income statement.*—The incomplete accounting records do not provide data relating to the operations prior to January 1, 1868. A condensed summary of the income account for the year ending December 31, 1917, and for the period from January 1, 1868, to date of valuation, follows:

	Year ended Dec. 31, 1917	Jan. 1, 1868, to date of valuation
Operating income:		
Railway operating revenues.....		\$902,067.53
Railway operating expenses.....		347,202.80
Net revenues from railway operations.....		554,864.73
Railway tax accruals.....		23,320.65
Railway operating income.....		531,544.13
<b>Total operating income.....</b>		<b>531,544.13</b>

	Year ended Dec. 31, 1917	Jan. 1, 1868, to date of valuation
Nonoperating income:		
Income from lease of road.....	\$6,500.00	\$298,500.00
Income from funded securities.....	429.21	18,897.45
Income from unfunded securities and accounts.....		
Total nonoperating income.....	6,929.21	317,397.45
Gross income.....	6,929.21	848,941.58
Deductions from gross income:		
Interest on unfunded debt.....		215.16
Maintenance of investment organization.....	1,145.79	16,709.22
Total deductions from gross income.....	1,145.79	16,924.38
Net income.....	5,783.42	832,017.20
Disposition of net income, dividend appropriations of income.....	6,000.00	739,042.50
Total appropriations.....	6,000.00	739,042.50
Income balance transferred to credit or debit of profit and loss:		
Debit.....	216.58	
Credit.....		92,974.70

*Profit and loss statement.*—A condensed summary of the profit and loss account for the period January 1, 1868, to date of valuation, follows:

## Credits:

Credit balance transferred from income..... \$92,974.70

## Miscellaneous credits—

Entry without explanation..... \$46,169.62

Expenditures purporting to be for additions and betterments charged to operating expenses and by this entry transferred to investment in road and equipment..... 35,000.00

81,169.62

Total..... 174,144.32

## Debits:

Dividend appropriations of surplus..... 155,066.17

## Miscellaneous debits—

Adjustment of balance sheet accounts..... 18.75

Unexplained entries credited to investment in road and equipment..... 13,323.90

Equipment depreciation credited to investment in equipment..... 5,250.00

18,592.65

Total..... 173,658.82

Credit balance at date of valuation..... 485.50

*Dividends.*—Since January 1, 1868, the Hibernia Mine Railroad has declared cash dividends at the following rates per annum: 1868, 13.5 per cent; 1870–1889, 13.5 per cent; 1890, 21 per cent; 1891–1905, 6 per cent; 1906, 9 per cent; 1907–08, 6 per cent; 1909, 8 per cent; 1910–1917, 3 per cent; 1918 (6 months), 1.5 per cent. In addition, the Hibernia Mine Railroad issued stock dividends as follows: 1868, 120 per cent; 1871, 50 per cent; 1882, 33½ per cent.

## INVESTMENT IN ROAD AND EQUIPMENT

The investment of the Hibernia Mine Railroad in road and equipment, including land, on date of valuation, is stated in its books as \$179,941.17, of which the following is a general analysis:

Construction of original road, original equipment, and additions and betterments:

## Road—

Recorded money outlay.....	\$97, 234. 22
Recorded money outlay purporting to be for additions and betterments made to the property and charged to operating expenses when expended and subsequently charged this account by crediting a corresponding amount to profit and loss.....	35, 000. 00
Amount entered as of Jan. 1, 1868, and for which a descriptive detail is not obtainable.....	43, 770. 66
Total.....	<u>176, 004. 88</u>

## Equipment—

Money outlay.....	36, 165. 41
Amount entered as of Jan. 1, 1868, the particulars of which are not obtainable.....	13, 960. 00
Total.....	<u>50, 125. 41</u>

Grand total..... 226, 130. 29

## Less retirements and adjustments—

## Road—

Proceeds from the sale of land.....	\$5, 000. 00
Proceeds from the grant of a right to cross the tracks.....	4, 000. 00
Amount credited in this account by entry of a corresponding amount to the debit of profit and loss for which no descriptive detail is obtainable.....	722. 16

## Equipment—

Proceeds from the sale of equipment.....	17, 959. 84
Amount credited in this account by a corresponding entry in profit and loss for which no descriptive detail is available..	12, 601. 74

Net balance of above..... 40, 283. 74  
185, 846. 55

## Other items, credits—

Depreciation of equipment.....	5, 250. 00
Rent received from hire of equipment.....	655. 38

Net total..... 5, 905. 38  
179, 941. 17

The "other items" separately noted are not in accord with the present classification of accounts. If the credit items thereunder described were restored to the investment in road and equipment account, the balance would be increased to \$185,846.55. This balance, so far as it is resolvable into its component elements, would comprise the following:

Recorded money outlay.....	\$168, 399. 63
Charges to this account for which no particulars are obtainable...	57, 730. 66
Less deductions unassignable specifically to either of the above classes, retirements and adjustments as hereinbefore detailed..	40, 283. 74

Lack of particulars with respect to certain entries from a part of the above balance precludes a definite statement as to the extent to which this balance may include other items or exclude other items conflicting with our present accounting methods. This balance does not include \$16,323.34 expended by the Central of New Jersey and carried on its books as improvements on leased railway property. These outlays may include some or all of the undetermined portions assignable to noncarrier lands of the costs of lands classified herein as partly carrier and partly noncarrier. The Hibernia Mine Railroad has not charged to its miscellaneous physical property account any amounts that represent the noncarrier lands. The costs of these lands, so far as they are indicated by the accounting records, together with certain amounts reported as costs of such lands but which are not supported in the accounts, are stated in the chapter on original cost to date.

## ORIGINAL COST TO DATE

The original cost to date of road and equipment, including land, owned by the Hibernia Mine Railroad and used for common-carrier purposes, has not been definitely ascertained. The data obtained on the outlay for creating and improving the property to date of valuation are those included in the investment in road and equipment account and the account of the Central of New Jersey for improvements on leased railway property, as follows:

Recorded money outlay.....	\$148, 557. 56
Amounts entered, the particulars of which were not definitely determinable, charged at.....	43, 770. 66
<hr/>	
Less any outlays, not definitely determinable, that represent—	
Lands sold for proceeds of.....	5, 000. 00
Privilege to cross right of way granted for proceeds of.....	4, 000. 00
Amounts entered the particulars of which were not definitely determinable, credited at.....	722. 16

These outlays may include some or all of the undetermined portion assignable to noncarrier lands and the cost of lands classified herein as partly carrier and partly noncarrier. The Hibernia Mine Railroad has not charged to its miscellaneous physical property account any amounts that represent these noncarrier lands. The costs of the above lands so far as they are indicated by accounting records, together with certain amounts reported as costs of such lands but which are not supported in the accounts, are stated in the chapter devoted to cost of lands.

*Cost of lands.*—The Hibernia Mine Railroad reports amounts aggregating \$40,163.13 as the outlays by itself in connection with lands and rights owned by it. A verification of the amounts indicates that the reported outlays should be reduced by \$10,948, as detailed below:

## Deductions:

Land for which title is vested in the Central of New Jersey.....	\$3, 000
Estimated miscellaneous, incidental, and attendant costs.....	2, 350
Difference between the gross outlays reported as cost of certain parcels of land when acquired and the amount reported as cost of such land remaining after sale of part of parcel, as determined on area pro rata basis.	
Proceeds from sale of the part of such parcel of land not reported....	5, 598
Total.....	10, 948



The returns include certain lands for which nominal deed considerations only are reported, certain streets and highways vacated to the Hibernia Mine Railroad by municipalities without reported consideration, and certain rights in public domain for which no costs are reported. The amounts reported as costs for the remaining lands owned, after making the changes noted, are made up in part of costs supported by accounting records and in part of substantial considerations named in deeds or other instruments which were returned as costs but are not supported by accounting records. These amounts, classified according to the classification herein of the lands to which they apply, are summarized as follows:

Classification	Costs supported by accounting records	Amounts not supported by accounting records
Lands classified as carrier, owned but leased to the Central of New Jersey.....	\$21,680.13	\$3,018
Lands classified as partly carrier and partly noncarrier, owned but partly used by the Central of New Jersey.....		4,517

#### MISCELLANEOUS PHYSICAL PROPERTY ACCOUNT

The accounts of the Hibernia Mine Railroad do not record any investment in miscellaneous physical property as of date of valuation. However, certain lands owned by the Hibernia Mine Railroad have been classified herein as partly carrier and partly noncarrier. A summary of the costs reported as applying thereto is stated in the chapter on original cost to date. The portion of such costs that would be includible in the miscellaneous physical property account has not been indicated by the records reviewed.

#### INVESTMENTS IN OTHER COMPANIES

The investments of the Hibernia Mine Railroad in other companies on date of valuation are stated in its records as \$16,719.95, detailed as follows:

	Par value	Book value
<b>Bonds:</b>		
Lehigh Valley Railroad Company 4.5 per cent consolidated mortgage, due 1923.....	\$5,000	\$5,125.00
United States Liberty loan, second issue, 4 per cent, due 1942.....	12,000	11,594.95
<b>Total.....</b>	<b>17,000</b>	<b>16,719.95</b>

#### LEASED RAILWAY PROPERTY

The property of the Hibernia Mine Railroad is leased to the Central of New Jersey for operation. The original lease agreement was dated September 18, 1890, and was for the term of 20 years from October 1, 1890; for the duration of this lease the Hibernia Mine Railroad received as annual rental \$12,500. On September 30, 1910, a new lease agreement for the term of 20 years from October 1, 1910, was executed. The last-named lease provided for an annual rental to be computed on a basis of gross earnings, namely, 25 per cent on each \$1,000 of gross earnings in excess of \$3,500, the rental for any one year to be not less than \$6,000 nor more than \$12,000, and an additional sum of \$500 for the maintenance of its corporate organization. It also provides that the Central of New Jersey may make such additions and betterments as shall commend themselves;

such additions or betterments are to be the property of the Central of New Jersey unless the Hibernia Mine Railroad elects to purchase all or a part of them at appraisal values. The Hibernia Mine Railroad records the receipt of \$6,500 as income from the lease of road for the calendar year next preceding date of valuation. This sum represented the minimum rental of \$6,000 and \$500 for the maintenance of its investment organization.

## GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement, as of date of valuation, is as follows:

ASSETS	
Investments:	
Investment in road and equipment.....	\$179, 941. 17
Other investments (bonds).....	16, 719. 95
Total.....	196, 661. 12
Current assets.....	3, 824. 38
Total assets.....	200, 485. 50
LIABILITIES	
Stock, capital stock.....	200, 000. 00
Corporate surplus, profit and loss, credit balance.....	485. 50
Total liabilities.....	200, 485. 50

## OGDEN MINE RAILROAD

## INTRODUCTORY

The Ogden Mine Railroad is a corporation of the State of New Jersey, having its principal office at Camden, N. J. It is not controlled by any single interest. The company controls no common-carrier corporation. The property was operated by its own organization from its completion in 1866 to December 31, 1881. From the last-named date to December 31, 1917, it was operated by the Central of New Jersey. On January 1, 1918, the common-carrier property was taken over by the United States Railroad Administration, and it is so operated on date of valuation.

## CORPORATE HISTORY

The Ogden Mine Railroad was incorporated February 19, 1864, by a special act of New Jersey. Acts supplementary to the one of incorporation were approved April 4, 1865, March 21, 1867, and February 17, 1869. The purpose of incorporation was to construct and operate a railroad between the Ogden Mine Railroad in the township of Sparta, County of Sussex, the Morris Canal, and a connection with The Morris and Essex Railroad Company. Its organization was perfected April 7, 1864.

## DEVELOPMENT OF FIXED PHYSICAL PROPERTY

In 1864 the Ogden Mine Railroad commenced construction of its road which was completed and placed in operation in 1866.

## HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records of the Ogden Mine Railroad do not indicate any syndicating arrangements in connection with issuance of its securities.

*Capitalization.*—From the date of its incorporation, February 19, 1864, to date of valuation, the Ogden Mine Railroad has issued capital stock and incurred nonnegotiable debt to affiliated companies, as disclosed by its records, aggregating \$915,390.17, of which \$450,000 is actually outstanding. Of the securities issued, \$450,000 was in capital stock and \$465,390.17 in nonnegotiable debt to affiliated companies, the latter of which had been retired.

*Capital stock.*—The authorized capital stock is \$800,000 par value, of which \$450,000 has been issued at par. Of this amount, \$232,000 was issued in settlement of nonnegotiable debt, \$143,250 for a like amount of cash, and \$74,750 for notes receivable, which were subsequently given in the discharge of a like amount of nonnegotiable debt.

*Nonnegotiable debt to affiliated companies.*—The Ogden Mine Railroad has incurred nonnegotiable debt to affiliated companies by receipt of \$465,390.17 from A. Pardee and Company. Of this amount, \$58,532.10 represented cash and \$406,858.07 was charged to investment in road and equipment. The entire debt was repaid as follows: Cash, \$158,640.17, capital stock issued at par value, \$232,000, and notes receivable, \$74,750.

#### RESULTS OF CORPORATE OPERATIONS

The results of corporate operations, as shown in the income and profit and loss accounts, are given below:

*Income statement.*—A condensed summary of the income account for the year ended December 31, 1917, and for the period 1866 to date of valuation, follows:

	Year	Period
<b>Operating income:</b>		
Railway operating revenues.....		\$657,490.49
Railway operating expenses.....		338,117.66
Net revenue from railway operations.....		319,372.83
Railway tax accruals.....		8,261.02
Railway operating income.....		311,111.81
<b>Nonoperating income:</b>		
Income from lease of road.....	\$23,000.00	\$28,000.00
Dividend income.....	80.00	1,920.00
Income from unfunded securities and accounts.....	53.29	12,287.85
Total.....	23,133.29	842,207.85
Gross income.....	23,133.29	1,153,319.66
<b>Deductions from gross income:</b>		
Interest on unfunded debt.....		3,489.39
Maintenance of investment organization.....	606.90	20,244.40
Total.....	606.90	23,733.79
Net income.....	22,526.39	1,129,585.87
Disposition of net income, dividend appropriations of income.....	22,500.00	1,078,875.00
Balance to credit of profit and loss.....	26.39	50,710.87

*Profit and loss statement.*—A condensed summary of the profit and loss accounts for the period 1866 to date of valuation, follows:

Credits, credit balance transferred from income..... \$50,710.87

Debits:

Delayed income debits—

Railway operating expenses..... \$400.00

Railway tax accruals..... 949.04

1,349.04

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## Debits—Continued.

## Miscellaneous debits—

Adjustments of balance sheet accounts.....	\$413. 25
Excess of the cost of a new tug boat over the proceeds from the sale of an old boat.....	5, 300. 00
Accumulated surplus at the end of the year 1869, transferred to the credit of investment in road and equipment.....	29, 797. 32
The balance in the construction account entitled "Little Trestle" transferred to this account.....	8, 054. 30
Amount charged this account with a corresponding reduction in the investment in road and equipment for the purpose of decreasing the last mentioned to an amount equal to the par value of the outstanding capital stock.....	2, 993. 92
	<u>\$46, 558. 79</u>

Credit balance at date of valuation..... 2, 803. 04

Total..... 50, 710. 87

*Dividends.*—During the period from 1869 to date of valuation, the Ogden Mine Railroad paid cash dividends at the following rates per annum: 1869, 3 per cent; 1870, 4 per cent; 1871, 3 per cent; 1872-73, 6 per cent; 1874, 7 per cent; 1875, 5 per cent; 1876, 4 per cent; 1878, 3 per cent; 1880, 9 per cent; 1881, 8 per cent; 1882-1918, 5 per cent.

## INVESTMENT IN ROAD AND EQUIPMENT

The investment of the Ogden Mine Railroad in road, including land, there being no equipment, on date of valuation, is stated in its books as \$450,000, of which the following is an analysis:

## Construction and additions and betterments:

## Road—

Money outlay.....	\$36, 462. 28
Nonnegotiable debt to affiliated companies.....	352, 761. 75
Total.....	389, 224. 03

## Equipment—

Money outlay.....	39, 470. 89
Nonnegotiable debt to affiliated companies.....	54, 096. 32
Total.....	93, 567. 21

Grand total..... 482, 791. 24

## Other items, credits—

Surplus accumulated prior to the year 1870 transferred to the credit of this account.....	29, 797. 32
Amount credited to this account for the purpose of decreasing it to a sum equaling the par value of the outstanding capital stock.....	2, 993. 92
Total credits.....	32, 791. 24
Net balance.....	450, 000. 00

The "Other items" separately noted are not in accord with the present classification of accounts. If the total of such items were restored to investment in road and equipment accounts, the balance would be increased to \$482,791.24,

which so far as it is resolvable into its component elements would comprise recorded money outlay, \$75,933.17, and nonnegotiable debt to affiliated companies, \$406,858.07. No entries were made in the investment in road and equipment accounts between December 31, 1877, and January 1, 1882. Therefore, this balance does not include expenditures for additions and betterments, or credits for retirements, if any of either were made during that period. Nor does the balance include \$57,700.80 expended by the Central of New Jersey and carried on its books as improvements on leased railway property.

#### ORIGINAL COST TO DATE

The original cost to date of road, including land, there being no equipment, owned by the Ogden Mine Railroad and used for common-carrier purposes, has not been definitely ascertained. When the property was leased to the Central of New Jersey, November 4, 1891, the entire equipment then owned was taken over by the lessee as owned equipment. The book value of that equipment has not been written out of the accounts of the Ogden Mine Railroad, but is included in investment in road and equipment accounts of the Central of New Jersey. The data obtained on the outlay for creating and improving the property of the Ogden Mine Railroad to date of valuation are those included in the investment in road and equipment account and the accounts of the Central of New Jersey for investments in improvements on leased railway property, summarized as recorded money outlay by the Ogden Mine Railroad, \$36,432.28, by A. Pardee and Company, \$352,761.75, and by the Central of New Jersey, \$57,700.80.

*Cost of lands.*—The Ogden Mine Railroad reports amount aggregating \$11,369 as the outlays by itself in connection with lands and rights owned by it. A verification of the amounts indicates that the reported outlays should be reduced by \$4,655, consisting of lands for which titles are vested in the Central of New Jersey, \$1,455, and estimated miscellaneous, incidental, and attendant costs, \$3,200. The returns include certain lands for which nominal deed considerations only are reported and certain lands for which there is no reference to evidence of title. The amounts reported as costs for the remaining lands owned, after making the changes noted, are made up in part of costs supported by accounting records in the amount of \$5,587 and in part of substantial considerations named in deeds, aggregating \$1,127, which are returned as costs but which are not supported by accounting records. All of these lands have been classified as carrier, owned but leased to the Central of New Jersey.

#### INVESTMENTS IN OTHER COMPANIES

The investment of the Ogden Mine Railroad in other companies on date of valuation consists of 20 shares of the capital stock of the North Pennsylvania Railroad Company, par value \$1,000, for which it paid \$1,700, the book value of the stock.

#### LEASED RAILWAY PROPERTY

On November 4, 1881, the Ogden Mine Railroad leased its property to the Central of New Jersey for a term of 999 years from January 1, 1882. The lease agreement provides that the Ogden Mine Railroad shall receive as yearly rental \$22,500, being at the rate of 5 per cent per annum upon the par value of its outstanding capital stock, and a further sum of \$500 yearly to be used in defraying the expense of maintaining its corporate organization. The Ogden Mine Railroad records the receipt of \$23,000 as income from the lease of its property for the calendar year next preceding date of valuation. The agreement also provides that in case the Central of New Jersey defaults in the payment of annual rental or fails in the performance of any other covenants, the property shall revert to the Ogden Mine Railroad in its former estate.

## GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement, as of date of valuation, is as follows:

## ASSETS

Investments:	
Investment in road and equipment.....	\$450,000.00
Other investments (stocks).....	1,700.00
Total.....	451,700.00
Current assets, cash.....	1,103.04
Total assets.....	452,803.04

## LIABILITIES

Stock, capital stock.....	450,000.00
Corporate surplus, profit and loss, credit balance.....	2,803.04
Total liabilities.....	452,803.04

## LEHIGH COAL AND NAVIGATION COMPANY (LEHIGH AND SUSQUEHANNA RAILROAD)

## INTRODUCTORY

The Lehigh Coal and Navigation Company is a corporation of the State of Pennsylvania, having its principal office at Philadelphia, Pa.

The Lehigh Coal and Navigation Company is engaged in mining and marketing anthracite coal in the Lehigh region of the Pennsylvania coal fields and is also the owner of a standard-gauge railroad extending from Phillipsburg, N. J., to Union Junction, Pa. This road is designated by it and commonly known as the Lehigh and Susquehanna Railroad.

The Lehigh Coal and Navigation Company is controlled by no single interest. The records do not indicate that the company controls any common-carrier corporation. It is, however, the intermediate lessee of the properties of the Tiesckow Railroad and the Nesquehoning Valley Railroad. Its leasehold rights in these two companies, excepting a tunnel owned by the Nesquehoning Valley Railroad, are assigned to the Central of New Jersey.

The obtainable accounting records of the Lehigh Coal and Navigation Company date from May, 1821. The date therein pertaining to the Lehigh and Susquehanna date from the year 1837. The records were found to be incomplete and for that reason only partial information can be given from the accounts in connection with the finances, operation, investment in road and equipment, and original cost.

From the date the road was placed in operation the property designated as the Lehigh and Susquehanna Railroad was operated by the Lehigh Coal and Navigation Company as owner until March 31, 1871. From this date it was operated by the Central of New Jersey and its receivers and lessee until December 31, 1917, under lease agreement. On January 1, 1918, the common-carrier property was taken over for operation by the United States Railroad Administration, which operates it on date of valuation.

## CORPORATE HISTORY

The Lehigh Coal and Navigation Company constructed the Lehigh and Susquehanna pursuant to the provisions of certain special acts of the General Assembly of Pennsylvania and a special act of the Legislature of New Jersey. The first act was approved March 13, 1837, and authorized the construction of a railroad to connect the North Branch division of the Pennsylvania Canal with the slack  
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water navigation of the Lehigh Canal. By a special act approved March , 1863, authority was granted to extend the road from White Haven to Mauch Chunk, Pa.; this act also extended to the Lehigh Coal and Navigation Company certain provisions of the general laws relating to construction, maintenance, use, and management of railroads. On March 16, 1864, an act was approved, supplementary to the one of March 4, 1863, to authorize the extension of the road from Mauch Chunk to the Delaware River and to bridge the river. By a special act of the Legislature of New Jersey, approved April 6, 1865, the Lehigh Coal and Navigation Company was granted the right to bridge the Delaware River at or near Easton, Pa., and extend its road to the east bank. The Lehigh Coal and Navigation Company also succeeded to the corporate use of two other corporations, namely, the Lehigh and Delaware Water Gap Railroad Company and the Nanticoke Railroad Company.

The following chart shows the corporations, the respective dates of incorporation, and for each predecessor the date of succession, the immediately succeeding corporation, and the manner of succession. Reference to each of these corporations is made in the last column by its respective number shown in the first column.

No.	Name	Incorporation	Succession
1	Lehigh Coal and Navigation Company.	Special acts Mar. 13, 1837, Mar. 4, 1863, Mar. 16, 1864, Apr. 6, 1865.	
2	Lehigh and Delaware Gap Railroad Company.	General laws of Pennsylvania May 4, 1837.	Merged with No. 1, July 10, 1867.
3	Nanticoke Railroad Company.	Special act of Pennsylvania Feb. 15, 1851, and special act Mar. 15, 1860.	Originally incorporated as Wilkes-Barre and Scranton Railroad Company. Name changed Mar. 15, 1860, to that borne on date of demise. Merged with 1, July 9, 1867.

## DEVELOPMENT OF FIXED PHYSICAL PROPERTY

In the year 1837, the Lehigh Coal and Navigation Company began construction of the road and completed what was known as the "upper portion" in the year 1848. Construction work was suspended until 1863, and in 1868, the main line, including the road originally projected by the Lehigh and Delaware Water Gap and the Nanticoke Railroad, had been put in operation. The several sections of the main line and the branch roads were completed and placed in operation as indicated below.

	Mileage
<i>Main line</i>	
Ashley to South Wilkes-Barre, Pa., 1843.....	2.000
White Haven to Solomon's Gap, Pa., 1843.....	15.000
Mauch Chunk to White Haven, Pa., 1866.....	24.000
Soloman's Gap to Ashley, Pa., 1866.....	12.000
South Wilkes-Barre to Wilkes-Barre, Pa., 1866.....	1.400
Wilkes-Barre to Union Junction, Pa., 1867.....	5.000
Mauch Chunk to Phillipsburg, Pa., 1868.....	46.000
Total.....	105.400
<i>Branch roads</i>	
Ashley Planes branch, 1843.....	2.700
Lee Mine branch, 1862.....	1.970
Nanticoke branch:	
Gardners Switch to Wanamie, Pa., 1862.....	13.000
Wanamie to Lee, Pa., 1885.....	3.980

	Mileage
<i>Branch roads—Continued</i>	
Canal branch:	
Miners Mill to Enterprise breaker, 1862	3.850
Enterprise Breaker to Plains Junction, 1896	1.250
Upper Lehigh branch, 1867	9.350
Everhart branch, 1867	3.030
North Pennsylvania connection, 1867	.330
Coplay branch, 1870	.540
Carbon branch, 1873	.600
Sandy Run branch, 1875	2.570
Drifton branch, 1876	10.500
Allen Cement branch, 1888	.770
Standard Cement branch, 1892	.560
Buttionwood branch, 1894	2.190
Total	57.090
Less portion of Drifton branch abandoned in 1901	8.150
Net total, branch roads	48.940
Grand total	154.340
Difference between recorded mileage and mileage inventoried	1.567
Mileage inventoried as of date of valuation	155.907

The mileage includes the projected and partly constructed road of the Lehigh and Delaware Water Gap, which the Lehigh Coal and Navigation Company acquired under the terms of an agreement dated July 10, 1867, and also the projected and partly constructed road of the Nanticoke Railroad, which the Lehigh Coal and Navigation Company acquired under the terms of an agreement dated July 9, 1867. The property thus acquired was merged and consolidated with the property designated Lehigh and Susquehanna Railroad.

#### HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records of the Lehigh Coal and Navigation Company do not disclose any syndicating arrangements in connection with issuance of securities. The Lehigh Coal and Navigation Company financed the construction of the Lehigh and Susquehanna, as well as the acquisition of the merged properties which now form a part of that property, by supplying the cash from its general funds, by issuing its capital stock in exchange for the capital stock of other companies, and by assuming the outstanding debt of other companies.

*Capital stock.*—In the acquisition of the projected and partly constructed road of the Lehigh and Delaware Water Gap, the Lehigh Coal and Navigation Company issued \$99,950 par value of its capital stock in exchange for the outstanding capital stock of that company, the exchange being made on the basis of one share of Lehigh Coal and Navigation Company stock for five shares of the stock of the Lehigh and Delaware Water Gap. In the acquisition of the projected and partly constructed road of the Nanticoke Railroad, the Lehigh Coal and Navigation Company issued \$374,350 par value of its stock in exchange for the outstanding stock of that company, the exchange being on the basis of four shares of Lehigh Coal and Navigation Company stock for each five shares of stock of the Nanticoke Railroad. The par value of the stock thus issued, \$474,300, was charged to the investment in road and equipment account.

*Funded debt.*—In the acquisition of the projected and partly constructed road of the Nanticoke Railroad, the Lehigh Coal and Navigation Company assumed and charged to the cost of the property, the outstanding first-mortgage bonds of that company having a par value of \$151,000. In 1871, the Lehigh Coal and Navigation Company reduced its funded debt by transferring the liability for \$2,310,000 par value of bonds to the Central of New Jersey as



a part of the consideration received from the sale of the equipment of the Lehigh and Susquehanna. No details of this transaction could be obtained from the records reviewed.

## RESULTS OF CORPORATE OPERATIONS

The Lehigh and Susquehanna was operated by the Lehigh Coal and Navigation Company from the date of completion of the several sections to March 31, 1871. The net income for the period was \$2,287,338.95. On that date the Lehigh Coal and Navigation Company leased the property to the Central of New Jersey for the term of the charter of the Lehigh Coal and Navigation Company and any renewal of same. The Central of New Jersey and its receiver operated the property from April 1, 1871, to May 29, 1883, when the Philadelphia and Reading became the operating lessee. The latter and its receiver continued to operate the road until December 31, 1886. On January 1, 1887, the property was restored to the Central of New Jersey and was operated by it and its receiver to December 31, 1917, when the common-carrier property passed under Federal control. The Lehigh Coal and Navigation Company recorded the receipt of \$78,596,003.90 as its income from the lease of the Lehigh and Susquehanna, the Tresckow Railroad and the Nesquehoning Valley Railroad, excluding a tunnel owned by the last-named company, for the period from April 1, 1871, to date of valuation. Of this amount \$2,203,767.64 was applicable to the year ended December 31, 1917.

## INVESTMENT IN ROAD AND EQUIPMENT

The investment of the Lehigh Coal and Navigation Company in road and equipment, including land, on date of valuation, is stated in its books as \$16,053,566.30, of which the following is a general analysis:

## Road acquired and merged:

## Naticoke Railroad—

Capital stock of the Lehigh Coal and Navigation Company issued, par value.	\$374, 350. 00	
Funded debt of the Naticoke Railroad, assumed by the Lehigh Coal and Navigation Company, par value-----	151, 000. 00	
Cancellation of advances-----	139, 851. 38	
Current liabilities of the Naticoke Railroad assumed by the Lehigh Coal and Navigation Company-----	13, 181. 50	
Total-----	678, 382. 88	
Less current assets taken over in addition to road-----	30. 00	
		\$678, 352. 88

## Lehigh and Delaware Water Gap—

Capital stock of the Lehigh Coal and Navigation Company issued, par value.	99, 950. 00	
Cancellation of advances-----	767, 582. 05	
		867, 532. 05

## Construction, additions, and betterments:

## Road—

Recorded money outlay by the Lehigh Coal and Navigation Company-----	6, 892, 493. 25
Other charges, the particulars of which were not obtainable-----	7, 673, 136. 37
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## Construction, additions, and betterments—Continued.

Equipment—	
Recorded money outlay by the Lehigh Coal and Navigation Company.....	\$1,420,871.31
Other charges, the particulars of which were not obtainable.....	1,985,994.08
Total.....	<u>19,518,379.94</u>
Less—	
Road, amount credited, the particulars of which were not obtainable.....	\$57,948.25
Equipment—	
Par value of the funded debt of the Lehigh Coal and Navigation Company assumed by the Central of New Jersey as a part of the proceeds from the sale of equipment.....	2,310,000.00
Loss on equipment sold.....	454,086.58
Depreciation of equipment.....	362,862.31
Other amounts credited, the particulars of which were not obtainable.....	279,916.50
	<u>3,464,813.64</u>
Net balance of above.....	<u>16,053,566.30</u>

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

Recorded money outlay by the Lehigh Coal and Navigation Company.....	\$8,313,364.56
Capital stock issued by the Lehigh Coal and Navigation Company, par value.....	474,300.00
Funded debt assumed by the Lehigh Coal and Navigation Company, par value.....	151,000.00
Cancellation of advances due to the Lehigh Coal and Navigation Company.....	907,433.43
Current liabilities of the Nanticoke Railroad, assumed by the Lehigh Coal and Navigation Company.....	13,181.50
Other charges, the particulars of which are not obtainable.....	<u>9,659,130.45</u>

Less deductions unassignable to any one or more of the above classes of outlays:

Current assets of the Nanticoke Railroad, taken over in addition to road, miscellaneous accounts receivable.....	30.00
Retirements and unexplained credits as hereinbefore detailed.....	3,464,813.64

The balance does not include the \$2,898,461.46, or any part thereof, stated in the accounts of the Central of New Jersey as representing its investment in additions and betterments to the leased property designated as the Lehigh and Susquehanna. During the year 1917, the Central of New Jersey with our consent and approval, adjusted its accounts and increased its investment in improvements on leased railway property by \$2,327,684.08, which is a part of the \$2,898,461.46, and concurrently increased its corporate surplus by a corresponding amount. This amount purports to represent expenditures made by the Central of New Jersey for additions and betterments to the property charged to operating expenses or income during the period July 1, 1903, to June 30, 1913.

These outlays may include some or all of the undetermined cost of certain lands classified herein as noncarrier lands and some or all of the undetermined portions, assignable to noncarrier lands, of the cost of lands classified as partly carrier and partly noncarrier. The Lehigh Coal and Navigation Company has not charged to its miscellaneous physical property account any amounts that represent these noncarrier lands. The costs of the above lands, so far as they are indicated by accounting records, together with certain amounts reported as costs of such lands but which are not supported in the accounts, are stated in the chapter on original cost to date.

## ORIGINAL COST TO DATE

The original cost to date of the road and equipment, including land, owned by the Lehigh Coal and Navigation Company and used for common-carrier purposes, has not been definitely ascertained. When the property was leased to the Central of New Jersey on March 31, 1871, the entire equipment was taken over by the lessee and the book value thereof written out of the accounts of the Lehigh Coal and Navigation Company. The roadway property was constructed by the Lehigh Coal and Navigation Company, the Lehigh and Delaware Water Gap, the Nanticoke Railroad, and certain industries. There are no accounting or other records obtainable that contain data on the outlay for the road constructed by the Lehigh and Delaware Water Gap and the industries. The data obtained on the outlay for creating and improving the remainder of its roadway property, including the outlay for completing the road projected and partly constructed by the Lehigh and Delaware Water Gap, are those included in the investment in road and equipment accounts of the Lehigh Coal and Navigation Company and the Nanticoke Railroad, and the investments in improvements on leased railway property accounts of the Central of New Jersey, as follows:

Recorded money outlay.....	\$10, 493, 306. 55
Capital stock issued, par value.....	16, 074. 44
Other amounts entered, the particulars of which were not definitely determinable, charged at.....	7, 673, 136. 37
<hr/>	
Less any portions, not definitely determinable, that represent amounts entered, the particulars of which were not definitely determinable, credited at.....	57, 948. 25

The constituent parts of this outlay for road, listed according to companies under which they were made and for which there are obtainable accounting records, are shown below.

The Lehigh Coal and Navigation Company's

Lehigh and Susquehanna Railroad:

Recorded money outlay—

By Lehigh Coal and Navigation Company.....	\$6, 892, 493. 25
By the Central of New Jersey.....	2, 898, 461. 46
<hr/>	
Total.....	\$9, 790, 954. 71
Other amounts entered, the particulars of which were not definitely determinable, charged at.....	7, 673, 136. 37
<hr/>	
Less any portions, not definitely determinable, that represent amounts entered, the particulars of which were not definitely determinable, credited at.....	57, 948. 25

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## The Nanticoke Railroad:

## Recorded money outlay—

By the Lehigh Coal and Navigation Com- pany-----	\$107,969.99
By the Nanticoke Railroad-----	594,381.85
Total-----	\$702,351.84
Capital stock issued, par value-----	16,074.44

It was not determined whether or not the recorded money outlay by the Central of New Jersey, namely \$2,898,461.46, which is entered in the records of the Central of New Jersey in an account styled "Lehigh Coal and Navigation Company—Lehigh and Susquehanna Railroad" includes amounts purporting to be for additions and betterments to the road properties of the Nesquehoning Valley Railroad and the Tresckow Railroad. These outlays may include some or all of the undetermined cost of certain lands classified herein as noncarrier lands and some or all of the undetermined portions, assignable to noncarrier lands, of the cost of lands classified herein as partly carrier and partly noncarrier. The Lehigh Coal and Navigation Company or its predecessors have not charged to their miscellaneous physical property accounts any amounts that represent these noncarrier lands. The costs of the above lands, so far as they are indicated by accounting records, together with certain amounts reported as costs of such lands, but which are not supported in the accounts, are stated in the section of this chapter devoted to cost of lands.

*Cost of lands.*—The Lehigh Coal and Navigation Company reports amounts aggregating \$1,017,812.09 as the outlays by itself and its predecessors in connection with lands and rights owned by it, including noncarrier lands, and that the proceeds from the sale of parts of parcels of such lands or rights aggregate \$163,714.14. A verification of the amounts indicates that the reported outlays should be reduced by \$235,729.67 and that the proceeds from the sale of parts of parcels sold should be reduced by \$2,500, as detailed below:

	Amount	Proceeds from sales
Costs reported for lands excluded as not owned-----	\$2,540.00	
Lands reported for which title is vested in the Central of New Jersey-----	141,299.00	\$2,500.00
Lands reported for which title is vested in the Delaware Division Canal Com- pany-----	686.00	
Estimated miscellaneous, incidental, and attendant costs-----	66,401.00	
Difference between the gross outlays reported as cost of certain parcels of land when acquired, and the amount reported as costs of such lands remaining after sale of part of parcels, as determined on area pro rata basis. Proceeds from sales of such parcels of land not reported-----	24,803.67	
Total-----	235,729.67	2,500.00

The returns include certain lands for which no considerations are reported, certain lands for which nominal deed considerations only are reported, certain lands owned jointly, but used by other carriers, for which nominal deed considerations only are reported, certain streets and highways vacated to the Lehigh Coal and Navigation Company or its predecessors by municipalities without reported considerations, certain lands acquired through exchange of other lands, certain lands for which there is no reference to evidence of title, certain lands for which the considerations recited in deeds are other than of a monetary value, certain lands acquired by condemnation for which costs are not ascertainable, certain lands held under agreements to convey only, no other evidence of title, certain lands leased for which no costs are reported, and certain rights in public

domain and private lands for which no costs are reported. The amounts reported as costs for the remaining lands owned, after making the changes noted, are made up in part of costs supported by accounting records and in part of substantial considerations named in deeds or other instruments which were returned as costs but are not supported by accounting records. These amounts and the proceeds from parts of parcels sold, both classified according to the classification herein of the lands to which they apply, are summarized as follows:

Classification	Costs supported by accounting records	Amounts not supported by accounting records
<b>Lands classified as carrier:</b>		
Owned but leased to the Central of New Jersey.....	\$313,911.30	\$366,811.87
Less any portions, not definitely determinable, assignable to parts of parcels sold for proceeds of.....	17,991.00	130,906.14
Owned but used jointly by the Central of New Jersey and the Lehigh Valley Railroad Company.....		1,153.00
Total, carrier lands.....	313,911.30	367,964.87
Less any portions, not definitely determinable, assignable to parts of parcels sold for proceeds of.....	17,991.00	130,906.14
Lands classified as noncarrier, owned.....	13,550.00	375.00
<b>Lands classified as partly carrier and partly noncarrier:</b>		
Owned but partly used by the Central of New Jersey.....	69,073.00	16,808.25
Less any portions, not definitely determinable, assignable to parts of parcels sold for proceeds of.....	5,000.00	7,317.00
Rights in private lands classified as carrier, owned but leased to the Central of New Jersey.....	400.00	-----

*Cost of machinery and equipment.*—The Lehigh Coal and Navigation Company reports that it owns certain power-plant machinery with costs aggregating \$393,600. A verification of the returns indicates that the costs should be increased by \$30,600 due to clerical errors in summarizing the returns. The amounts reported as costs for the power-plant machinery, after making the change noted, are made up of \$47,363.64 of costs supported by accounting records and of estimated costs amounting to \$376,836.36. All of this machinery is used by the Central of New Jersey.

#### MISCELLANEOUS PHYSICAL PROPERTY

The accounts of the Lehigh Coal and Navigation Company that purport to show its investment in property other than that used for common-carrier purposes were not examined. However, certain lands owned by the Lehigh Coal and Navigation Company have been classified herein as noncarrier lands. A summary of the costs reported as applying thereto is stated in the chapter on original cost to date. The portion of such costs that would be includible in the miscellaneous physical property account has not been ascertained.

#### LEASED RAILWAY PROPERTY

The Lehigh Coal and Navigation Company's Lehigh and Susquehanna Railroad is leased to the Central of New Jersey, under the terms of an agreement dated March 31, 1917, for the period of the charter of the Lehigh Coal and Navigation Company and any renewal thereof. The Lehigh Coal and Navigation Company also grants to the Central of New Jersey, under the terms of that agreement, the sole right to use other railroad properties in which the Lehigh Coal and Navigation Company then held a leasehold interest, namely, the Tresckow Railroad and the Nesquehoning Valley Railroad, excepting and reserving to its own purposes a tunnel owned by the last-named company. Under the terms of the existing agreement, the Lehigh Coal and Navigation Company is to receive as

annual rental for the three properties a sum equal to one-third of gross receipts from their operations, such sum to be not less than \$1,414,400 nor more than \$2,043,000 for any one year. In addition, the Lehigh Coal and Navigation Company is to receive a further sum to equal 7 per cent on the amounts which shall be charged after December 31, 1882, upon the books of the Lehigh Coal and Navigation Company for right of way or for expenditures made by the Central of New Jersey for additions and betterments. The Lehigh Coal and Navigation Company records the receipt of \$2,203,767.64 as its income from the lease of the three roads for the year 1917. This amount is not allocated to the respective properties in the records reviewed.

Although the agreement of lease states that the expenditures for extending the road and for additions and betterments are to be made with the consent and at the expense of the Lehigh Coal and Navigation Company, certain expenditures made by the Central of New Jersey, purporting to be for additions and betterments, are included in latter's investments in improvements on leased railway property and are not, therefore, entered in the books of the Lehigh Coal and Navigation Company. Since July 1, 1903, such expenditures have aggregated \$2,898,461.46.

#### EASTON AND WESTERN

##### INTRODUCTORY

The Easton and Western is a corporation of the State of Pennsylvania, having its principal office at Easton, Pa. It is controlled by the Central of New Jersey through ownership of its entire outstanding capital stock. It controls no common-carrier corporations. From the date the property was opened for operation to January 1, 1918, it was operated as a part of the Central of New Jersey system. On January 1, 1918, the common-carrier property of the Easton and Western was taken over by the United States Railroad Administration and is being so operated on date of valuation.

##### CORPORATE HISTORY

The Easton and Western was incorporated May 7, 1914, under the general laws of Pennsylvania. Articles of association were filed with the secretary of the Commonwealth on February 20, 1914, and March 25, 1914, letters patent were issued. Its organization was perfected on June 12, 1914.

##### DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The railroad of the Easton and Western was acquired by construction. Work was begun in 1914 and the road was completed and placed in operation on June 1, 1915.

##### HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records of the Easton and Western do not indicate any syndicating arrangements in connection with issuance of its securities.

*Capital stock and long-term debt.*—From the date of its incorporation, May 7, 1914, to date of valuation, the Easton and Western has issued capital stock and incurred nonnegotiable debt to affiliated companies, as disclosed by its records, aggregating \$232,773.10, of which \$182,773.10 is actually outstanding. Of the securities issued, \$50,000 was in capital stock and \$182,773.10 in nonnegotiable debt to affiliated companies. Of the latter, an account of \$50,000 has been retired.

*Capital stock.*—Capital stock in the par value of \$50,000 was issued to the Central of New Jersey in payment for a like amount of nonnegotiable debt.

*Nonnegotiable debt to affiliated companies.*—Nonnegotiable debt to affiliated companies has been incurred by the receipt of construction advances made by the Central of New Jersey in the amount of \$182,773.10, of which \$50,000 has been retired by the issue of a like amount of capital stock.

#### RESULTS OF CORPORATE OPERATIONS

The Easton and Western does not record any results of corporate operations. As already stated, its road was operated as a part of the railway property of the Central of New Jersey and the results of its operations are included in the general accounts of the operating company.

#### INVESTMENT IN ROAD AND EQUIPMENT

The investment of the Easton and Western in road, including land, there being no equipment owned, on date of valuation, is stated in its books as \$182,773.10. This amount represents the advances made by the Central of New Jersey for the construction of additions and betterments to the road. These outlays may include some or all of the undetermined portions assignable to noncarrier lands of the cost of lands classified herein as partly carrier and partly noncarrier. The Easton and Western has not charged to its miscellaneous physical property account any amounts that represent these noncarrier lands. The cost of these lands, so far as they are indicated by the accounting records, are stated in the chapter on original cost to date.

#### ORIGINAL COST TO DATE

The original cost to date of road, including land, there being no equipment, owned by the Easton and Western, on date of valuation, and used for common-carrier purposes, has not been definitely ascertained. The data obtained on the outlay for creating and improving such property to date of valuation are those included in the investment in road and equipment account and summarized as recorded money outlay in the amount of \$182,773.10. Distribution of this amount by primary accounts as maintained in the records of the Easton and Western is shown in the following tabulation.

Engineering.....	\$11, 804. 45
Land for transportation purposes.....	31, 476. 99
Grading.....	71, 775. 60
Bridges and culverts.....	8, 893. 43
Ties.....	14, 110. 95
Rails.....	16, 675. 91
Other track materials.....	4, 117. 20
Ballast.....	12, 428. 99
Tracklaying and surfacing.....	6, 328. 18
Crossings and signs.....	1, 905. 88
Signals and interlockers.....	18. 00
Organization expenses.....	1, 802. 96
Stationery and printing.....	15. 06
Other expenses.....	81. 87
Right-of-way fences.....	1, 087. 63
Law expenses.....	100. 00
Taxes.....	150. 00
Total.....	182, 773. 10

The balance of \$31,476.99 in the account "Land for transportation purposes" is \$330.51 less than the total amount, including amounts not supported by the accounts, returned by the Easton and Western in reporting the cost of its lands. These outlays may include some or all of the undetermined portions assignable to noncarrier lands of the cost of lands classified herein as partly carrier and partly noncarrier. The Easton and Western has not charged to its miscellaneous physical property account any amounts that represent these noncarrier lands. The costs of these lands, so far as they are indicated by accounting records, are stated in the section of this chapter devoted to cost of lands.

*Cost of lands.*—The Easton and Western records amounts aggregating \$31,907.50 as the outlay by it in connection with lands owned, including noncarrier lands. A verification of the amounts indicates that the recorded outlays should be reduced by \$1,800, representing estimated miscellaneous, incidental, and attendant costs not allowed by us. The returns include certain lands for which merely nominal deed considerations are recorded and certain streets and highways vacated to the Easton and Western by municipalities without reported considerations. The amounts reported as costs for the remaining lands owned, after making the changes noted are made up in part of costs supported by accounting records and in part of substantial considerations named in deeds or other instruments which were returned as costs but which are not supported by accounting records. These amounts, classified according to the classification herein of the lands to which they apply, are summarized as follows:

Classification	Costs supported by accounting records	Amounts not supported by accounting records
Lands classified as carrier, owned but leased to the Central of New Jersey...	\$26, 124. 50	\$325
Lands classified as partly carrier and partly noncarrier, owned but used partly by another carrier.....	3, 658. 00	-----

#### MISCELLANEOUS PHYSICAL PROPERTY

The accounts of the Easton and Western do not record any investment in miscellaneous physical property on date of valuation. However, certain lands owned by it have been classified herein as partly carrier and partly noncarrier. The verified costs of the lands so classified, as disclosed by the records, is \$3,658. The portion of such costs that would be includible in the miscellaneous physical property account is not indicated by the records reviewed.

#### LEASED RAILWAY PROPERTY

As hereinbefore cited, the property of the Easton and Western was operated by, and as a part of the railroad of, the Central of New Jersey from date of completion to January 1, 1918, when its common-carrier property was taken over for operation by the United States Railroad Administration, and it is so operated on date of valuation. The Easton and Western is controlled by the Central of New Jersey through ownership of capital stock and its road was operated by the latter company without formal operating agreement. The Easton and Western does not record the receipt of any rentals.



## GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement as of date of valuation is as follows:

ASSETS	
Investments, investment in road and equipment.....	\$182, 773. 10
LIABILITIES	
Stock, capital stock.....	50, 000. 00
Long-term debt, nonnegotiable debt to affiliated companies.....	132, 773. 10
Total.....	182, 773. 10

## TRESCKOW RAILROAD

## INTRODUCTORY

The Tresckow Railroad is a corporation of the State of Pennsylvania, having its principal office at Philadelphia, Pa. It is controlled by the Lehigh Coal and Navigation Company through ownership of a majority of the outstanding capital stock. It controls no common-carrier corporation.

The property of the Tresckow Railroad was operated by the Lehigh Coal and Navigation Company from the date of its completion in December, 1870, to March 31, 1871. From April 1, 1871, to May 29, 1883, and from January 1, 1887, to December 31, 1917, it was operated by the Central of New Jersey and its receivers, under the terms of a lease dated March 31, 1871, and amended June 28, 1887; and from May 29, 1883, to December 31, 1886, by the Philadelphia and Reading and its receivers under the terms of an agreement dated May 29, 1883. On January 1, 1918, the common-carrier property of the Tresckow Railroad was taken over for operation by the United States Railroad Administration, and it is so operated on date of valuation.

## CORPORATE HISTORY

The Tresckow Railroad was incorporated on May 26, 1870, under the general laws of Pennsylvania, for the purpose of constructing a railroad from a point near Summit station to a point near Audendried, Pa. Its organization was perfected June 4, 1870.

## DEVELOPMENT OF FIXED PHYSICAL PROPERTY

In May, 1870, the Tresckow Railroad commenced the construction of a railroad between Silver Springs and Audendried, Pa., which was completed and placed in operation in December, 1870.

## HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records of the Tresckow Railroad do not indicate any syndicating arrangements in connection with issuance of its securities.

*Capital stock and long-term debt.*—From the date of its incorporation, May 26, 1870, to date of valuation, the Tresckow Railroad has issued capital stock and incurred nonnegotiable debt, as disclosed by its records, aggregating \$414,789.76, of which \$284,789.76 is actually outstanding. Of the securities issued \$130,000 was in capital stock and \$284,789.76 in nonnegotiable debt to affiliated companies. Of the latter, an amount of \$130,000 was retired.

*Capital stock.*—The authorized capital stock is \$250,000 par value. Of this amount a par value of \$130,000 was issued to the Lehigh Coal and Navigation Company at its face value in the payment of a like amount of nonnegotiable debt.

*Nonnegotiable debt to affiliated companies.*—Nonnegotiable debt to affiliated companies was incurred by the receipt of construction advances from the Lehigh Coal and Navigation Company to the amount of \$284,789.76, of which amount \$154,789.76 is outstanding on date of valuation.

## RESULTS OF CORPORATE OPERATIONS

The income from the lease of the property owned by the Tresckow Railroad is included in the general accounts of the Lehigh Coal and Navigation Company and can not be specifically set forth.

## ORIGINAL COST TO DATE

The original cost to date of road, including land, there being no equipment, owned by the Tresckow Railroad and used for carrier purposes, has not been definitely ascertained. The data obtained on the outlay for creating and improving of such property are those included in road and equipment accounts, summarized as recorded money outlay in the amount of \$284,789.76. This outlay may include some or all of the undetermined cost of certain lands classified herein as noncarrier lands, and some or all of the undetermined portion assignable to noncarrier lands of the cost of lands classified herein as partly carrier and partly noncarrier. The Tresckow Railroad has not charged to its miscellaneous physical property account any amounts that represent these noncarrier lands. The cost of the above lands, so far as they are indicated by accounting records, together with certain amounts reported by the Tresckow Railroad as costs of such lands but which are not supported in the accounts, are stated in the section of this chapter devoted to cost of lands.

*Cost of lands.*—The Tresckow Railroad reports amounts aggregating \$3,860.50 as the outlays by it in connection with lands owned, including noncarrier lands. A verification of the amounts indicates that the reported outlays should be reduced by \$2,897, detailed as land for which title is vested in the Lehigh Coal and Navigation Company, \$2,397, and estimated miscellaneous, incidental, and attendant costs, \$500. The returns include certain lands for which nominal deed considerations only are reported, certain lands for which there is no reference to evidence of title, and a right in private land for which no costs are reported. The amounts reported as costs for the remaining lands owned, after making the changes noted, are made up in part of costs supported by accounting records and in part of substantial considerations named in deeds, which were returned as costs but are not supported by accounting records. These amounts, classified according to the classification herein of the lands to which they apply, are summarized as follows:

Classification	Costs supported by accounting records	Amounts not supported by accounting records
Lands classified as carrier, owned but leased to the Central of New Jersey...	\$160	\$288.50
Lands classified as noncarrier, owned.....		275.00

*Cost of machinery and equipment.*—The Tresckow Railroad reported no machinery or equipment as owned or used.

## MISCELLANEOUS PHYSICAL PROPERTY

The accounts of the Tresckow Railroad do not record any investment in miscellaneous physical property as of date of valuation. However, certain lands  
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owned by the Tresckow Railroad have been classified herein as noncarrier and certain other lands have been classified herein as partly carrier and partly non-carrier. The summary of the costs reported as applying thereto is stated in the chapter on original cost to date. The portion of such costs that would be includible in the miscellaneous physical property account is not indicated by the records reviewed.

#### LEASED RAILWAY PROPERTY

The property of the Tresckow Railroad is leased for the term of its charter to the Lehigh Coal and Navigation Company. The latter company in turn leases the property of the Tresckow Railroad, together with the Nesquehoning Valley Railroad and the Lehigh Coal and Navigation Company's Lehigh and Susquehanna Railroad, to the Central of New Jersey under the terms of an agreement dated May 31, 1871, and a supplementary agreement dated June 28, 1887. Under the terms of the agreement the Lehigh Coal and Navigation Company is to receive as annual rental for the three above-mentioned properties a sum equal to one-third of the gross receipts from operations, such rental to be not less than \$1,414,400 nor more than \$2,043,000 for any one year, with a further sum each year of 7 per cent on the amounts which shall be charged after December 31, 1882, on the books of the Lehigh Coal and Navigation Company for payments for rights of way or for expenditures made by the Central of New Jersey for additions and betterments. The Lehigh Coal and Navigation Company reports the receipt of \$2,203,767.64 as income from the lease of the three roads for the calendar year 1917. The available information will not permit the allocation of specific amounts to the respective properties involved.

#### GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement, as of date of valuation, follows:

ASSETS	
Investments, investment in road and equipment-----	\$284, 789. 76
LIABILITIES	
Stock, capital stock-----	130, 000. 00
Long-term debt, nonnegotiable debt to affiliated companies-----	154, 789. 76
Total-----	284, 789. 76

#### WILKES-BARRE AND SCRANTON

##### INTRODUCTORY

The Wilkes-Barre and Scranton is a corporation of the State of Pennsylvania, having its principal office in Philadelphia. It is controlled by the Lehigh Coal and Navigation Company through ownership of its entire outstanding capital stock. The company controls no common-carrier corporation. From the date the property was placed in operation until December 31, 1917, it was operated by the Central of New Jersey. On January 1, 1918, its common-carrier property was taken over by the United States Railroad Administration, and was so operated on date of valuation.

##### CORPORATE HISTORY

The Wilkes-Barre and Scranton was incorporated September 8, 1886, under the general laws of Pennsylvania for the purpose of constructing a railroad between Pittston and Scranton, Pa. Its organization was perfected October 2, 1886.

##### DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The Wilkes-Barre and Scranton commenced the construction of its road in September, 1886, and in May, 1888, it was completed and placed in operation.

## HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records of the Wilkes-Barre and Scranton do not indicate any syndicating arrangements in connection with issuance of its securities.

*Capital stock and long-term debt.*—From the date of its incorporation, September 8, 1886, to date of valuation, the Wilkes-Barre and Scranton has issued capital stock and funded debt and incurred nonnegotiable debt to affiliated companies, as indicated by its records, aggregating \$2,111,675.86, of which \$1,141,675.86 is actually outstanding. Of the securities issued \$500,000 was in capital stock, \$500,000 in funded debt, and \$1,111,675.86 in nonnegotiable debt; of the latter amount \$970,000 has been retired.

*Capital stock.*—The authorized capital stock is \$500,000 par value, all of which was issued at par for cash. The proceeds were applied in the repayment of non-negotiable debt due to the Lehigh Coal and Navigation Company.

*Funded debt.*—The Wilkes-Barre and Scranton issued \$500,000 par value of first-mortgage, 50-year, 4.5 per cent gold bonds, dated May 1, 1888. These bonds were given to the Lehigh Coal and Navigation Company and by it sold to Drexel & Company for \$470,000 in cash. The proceeds were applied to repay the Lehigh Coal and Navigation Company for construction advances. Discount of \$30,000 was sustained, which was charged to the investment in road and equipment account. None of these bonds has been retired.

*Nonnegotiable debt to affiliated companies.*—Nonnegotiable debt to affiliated companies was incurred by the receipt of \$1,111,675.86 construction advances from the Lehigh Coal and Navigation Company. Of this amount \$970,000 was repaid by the cash proceeds from the sale of capital stock and first-mortgage bonds, leaving \$141,675.86 unpaid at date of valuation.

## RESULTS OF CORPORATE OPERATIONS

The results of corporate operations, as shown in the income account are given below:

*Income statement.*—A condensed summary of the income account for the year ending on date of valuation and for the period May, 1888, to date of valuation, follows:

	Year	Period
Operating income, railway tax accruals .....	\$3,563.47	\$95,852.40
Total operating loss .....	3,563.47	95,852.40
Nonoperating income:		
Income from lease of road .....	51,056.40	1,512,511.97
Income from unfunded securities and accounts .....	367.80	2,944.72
Total .....	51,424.20	1,515,456.69
Gross income .....	47,860.73	1,419,604.29
Deductions from gross income:		
Interest on funded debt .....	22,500.00	675,000.00
Maintenance of investment organization .....	117.95	2,574.15
Miscellaneous income charges .....	242.78	363.50
Total .....	22,860.73	677,937.65
Net income .....	25,000.00	741,666.64
Disposition of net income, dividend appropriations of income .....	25,000.00	741,666.64

*Profit and loss statement.*—The Wilkes-Barre and Scranton did not maintain a profit and loss account.

*Dividends.*—Annual dividends at the rate of 5 per cent have been declared continuously since the year 1888.

## INVESTMENT IN ROAD AND EQUIPMENT

The investment of the Wilkes-Barre and Scranton in road, including land, no equipment being owned, on date of valuation, is stated in its books as \$1,141,675.86, consisting of nonnegotiable debt to affiliated companies for road constructed, \$1,111,675.86, and discount on funded debt, \$30,000. The item of discount on funded debt is not in accord with the present classification of accounts, and if eliminated, the balance in the investment in road and equipment account would be decreased to \$1,111,675.86, which is the amount advanced by the Lehigh Coal and Navigation Company. This outlay may include some or all of the cost of certain lands classified herein as noncarrier lands, and some or all of the undetermined portions assignable to noncarrier lands of the cost of lands classified herein as partly carrier and partly noncarrier. The Wilkes-Barre and Scranton has not charged to its miscellaneous physical property account any amounts that represent noncarrier lands. The costs of these lands, so far as they are indicated by the accounting records, together with other amounts represented by the Wilkes-Barre and Scranton as costs of such lands but which are not supported in the accounts, are stated in the chapter on original cost to date.

## ORIGINAL COST TO DATE

The original cost to date of the road, including land, there being no equipment, owned by the Wilkes-Barre and Scranton and used for common-carrier purposes, has not been definitely ascertained. The data obtained on the outlay for creating and improving such property to date of valuation are those included in the investment in road and equipment account and the account of the Central of New Jersey for improvements on leased railway property, as follows:

Recorded money outlay:

By the Lehigh Coal and Navigation Company.....	\$1, 111, 675. 86
By the Central of New Jersey.....	188, 440. 87
Total.....	1, 300, 116. 73

These outlays may include some or all of the cost of certain lands classified herein as noncarrier lands and some or all of the undetermined portions assignable to noncarrier lands of the cost of lands classified herein as partly carrier and partly noncarrier. The Wilkes-Barre and Scranton has not charged to its miscellaneous physical property accounts any amounts that represent these noncarrier lands. The costs of these lands, so far as they are indicated by accounting records, together with certain amounts reported by the Wilkes-Barre and Scranton as costs of such lands which are not supported in the accounts, are stated in the chapter devoted to cost of lands.

*Cost of lands.*—The Wilkes-Barre and Scranton reports amounts aggregating \$340,502.40 as the outlay by itself in connection with lands and rights owned or leased by it, including noncarrier lands. A verification of the amounts indicates that the recorded outlays should be reduced by \$23,709.54, as detailed below:

Lands in which title is vested in the Central of New Jersey.....	\$6, 410. 00
Cost of repairs to overhead bridge owned by the Delaware, Lackawanna & Western Railroad Company.....	7, 707. 54
Estimated miscellaneous, incidental, and attendant costs.....	7, 750. 00
Difference between the gross outlays reported as cost of certain parcels of land when acquired and the amount reported as cost of such land remaining after sale of part of parcel as determined on area pro rata basis. Proceeds from sale of the part of such parcel of land not reported.....	1, 842. 00
Total deductions.....	23, 709. 54

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The returns include certain lands for which there is no reference to evidence of title and certain rights in public domain and rights in private lands for which no costs are reported. The amounts recorded as costs for the remaining lands owned, after making the changes noted, are made up in part of costs supported by accounting records and in part of substantial considerations named in deeds or other instruments which were returned as costs but are not supported by accounting records. These amounts, classified according to the classification herein of the lands to which they apply, are summarized as follows:

Classification	Costs supported by accounting records	Amounts not supported by accounting records
Lands classified as carrier:		
Owned but leased to the Central of New Jersey	\$175, 135. 50	\$64, 679. 04
Leased but used by the Central of New Jersey	26, 926. 86	
Total	202, 062. 36	64, 679. 04
Lands classified as noncarrier, owned	3, 500. 00	
Lands classified as partly carrier and partly noncarrier, owned but partly used by the Central of New Jersey	25, 500. 00	575. 00
Rights in private lands classified as carrier, owned but leased to the Central of New Jersey	20, 476. 46	

## LEASED RAILWAY PROPERTY

On May 1, 1888, the Wilkes-Barre and Scranton leased its property for the term of its charter to the Lehigh Coal and Navigation Company at an annual rental of \$47,500. This amount is equivalent to 5 per cent on the outstanding capital stock and interest on its funded debt and an additional amount to cover taxes and organization expenses. On the same date the Lehigh Coal and Navigation Company assigned the lease to the Central of New Jersey. Under the assignment the latter is obligated to the Lehigh Coal and Navigation Company to pay all taxes and other charges, maintain the property, and to pay to the Lehigh Coal and Navigation Company as annual rental a sum equal to 6 per cent on the cost of the property as such cost appears in the books of the Wilkes-Barre and Scranton. The lease also provides that the cost of additions and betterments shall be paid by the Wilkes-Barre and Scranton. In practice, however, the cost of additions and betterments made since September 30, 1908, has not been entered in the books of the Wilkes-Barre and Scranton but are represented in the investment accounts of the Central of New Jersey as improvements on leased railway property. During the calendar year next preceding date of valuation, the Central of New Jersey accrued as rental for the lease of the property \$66,606.48, which amount was computed on the cost of property to September 30, 1908, as recorded, namely, \$1,110,108.36.

## GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement, as of date of valuation, is as follows:

## ASSETS

Investments, investment in road and equipment	\$1, 141, 675. 86
Current assets:	
Cash	16, 003. 81
Miscellaneous accounts receivable	1, 477. 93
Rents receivable	4, 261. 34
Total	21, 743. 08
Unadjusted debits, other unadjusted debits	139. 22
Grand total	1, 163, 558. 16

LIABILITIES	
Stock, capital stock.....	\$500, 000. 00
Long-term debt:	
Funded debt unmatured.....	500, 000. 00
Nonnegotiable debt to affiliated companies.....	141, 675. 86
Total.....	641, 675. 86
Current liabilities:	
Audited accounts and wages payable.....	1. 00
Interest matured unpaid.....	45. 00
Unmatured dividends declared.....	12, 500. 00
Unmatured interest accrued.....	3, 750. 00
Total.....	16, 296. 00
Unadjusted credits:	
Tax liability.....	5, 454. 00
Other unadjusted credits.....	132. 30
Total.....	5, 586. 30
Grand total.....	1, 163, 558. 16

### Predecessor Companies

PREDECESSORS OF THE CENTRAL OF NEW JERSEY

#### THE ELIZABETHTOWN AND SOMERVILLE RAILROAD COMPANY

##### INTRODUCTORY

The accounting records of this company date from April 1, 1846, although it was incorporated as of February 9, 1831. Information as to the period prior to April 1, 1846, has not been obtained. The records reviewed do not indicate that the company on date of demise was controlled by any individual or corporation, nor that it controlled any common-carrier corporation. The obtainable records do not indicate that the property for the period of its existence was operated by any other than its own organization. The railroad consisted of approximately 25.5 miles of road extending from Elizabethport (formerly Elizabethtown Point) to Somerville, N. J., which had been acquired by construction during the period July 25, 1836, to January 1, 1842, as detailed in the chapter on development of fixed physical property in the report on the Central of New Jersey.

##### HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records reviewed do not indicate any syndicating arrangements in connection with issuance of securities.

*Capital stock and long-term debt.*—From the date of its incorporation, February 9, 1831, to the date of demise, the company issued capital stock and funded debt, as disclosed by its records, aggregating \$720,000, all of which were actually outstanding on date of demise. The securities consisted of capital stock, \$400,000, mortgage bonds, \$190,000, and bonds payable, \$130,000.

*Capital stock.*—A par value of \$400,000 of capital stock was issued and charged to investment in road and equipment.

*Funded debt.*—The company issued a par value of \$190,000 in 6 per cent mortgage bonds, payable \$25,000 five years after issue and a like amount yearly thereafter until the full amount is paid. These bonds were outstanding at date of

demise and had been issued for cash, \$159,000, equipment, \$11,000, and investment securities acquired, Elizabethport and New York Ferry Company stock, \$20,000.

*Bonds payable.*—Short-term securities maturing on various dates and bearing interest at the rate of 6 and 7 per cent were issued in the par value of \$130,000 at par, of which \$45,000 was for property charged to investment in road and equipment and \$85,000 was for stock of the Elizabethport and New York Ferry Company of a like par value. None of these securities had been retired at date of demise.

## RESULTS OF CORPORATE OPERATIONS

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

*Income statement.*—A condensed summary of the income accounts for the period from April 1, 1846, to date of demise, follows:

	Period
Operating income:	
Railway operating revenues.....	\$201, 286. 44
Railway operating expenses.....	113, 269. 49
Net revenues from railway operations.....	<u>88, 016. 95</u>
Gross income.....	<u>88, 016. 95</u>

## Deductions from gross income:

Interest on funded debt.....	18, 380. 71
Interest on unfunded debt.....	391. 90
Total.....	<u>18, 772. 61</u>

Income balance transferred to credit of profit and loss..... 69, 244. 34

*Profit and loss statement.*—A condensed summary of the profit and loss accounts for the period April 1, 1846, to date of demise, follows:

## Credits:

Credit balance transferred from income.....	\$69, 244. 34
Delayed income credits (railway operating expenses).....	467. 34
Miscellaneous credits (unexplained).....	6, 292. 37
Total.....	<u>76, 004. 05</u>

## Debits:

## Miscellaneous debits—

Amount received from "trustees of old bonds".....	\$6, 292. 37
Adjustments of book value of equipment to agree with inventory as of Mar. 31, 1848....	4, 192. 85
Adjustment of the excess of book value of road and equipment over the amount at which such property was sold to The Somerville and Easton Railroad Company—	
Road.....	\$7, 868. 96
Equipment.....	10, 962. 65
	<u>18, 831. 61</u>

Adjustments of the excess of the book value of investment securities over the value at which they were sold to The Somerville and Easton Railroad Company.....

6, 687. 22

Credit balance at Mar. 31, 1849.....	36, 004. 05
Total.....	<u>40, 000. 00</u>
Total.....	<u>76, 044. 05</u>



## INVESTMENT IN ROAD AND EQUIPMENT

The investment in road and equipment, including land, on date of demise was stated in the books as \$658,089.88, of which the following is a general analysis:

Road and equipment as of Apr. 1, 1846, capital stock issued, par value.....		\$400,000.00
Subsequent charges for additions and betterments:		
Road—		
Money outlay.....	\$217,635.36	
Funded debt issued, par value.....	12,000.00	
		<u>229,635.36</u>
Equipment—		
Money outlay.....	36,155.50	
Funded debt issued, par value.....	44,000.00	
Amount transferred from road accounts in a reclassification of the road and equipment accounts.....	35,000.00	
		<u>115,155.50</u>
Total charges.....		<u>744,790.86</u>
Less subsequent credits, road:		
Cash received from the trustees of "old bonds".....	6,292.37	
Amount transferred to investment in equipment in a reclassification of the road and equipment accounts.....	35,000.00	
Proceeds from sale of material.....	22,384.15	
		<u>63,676.52</u>
Other items, credits:		<u>681,114.34</u>
Adjustment of the book value of equipment to agree with inventory value.....	4,192.85	
Adjustment of book value of equipment to agree with value at which it was sold to Central of New Jersey.....	10,962.65	
Adjustment of book value of road to agree with the value at which it was sold to the Central of New Jersey.....	7,868.96	
		<u>23,024.46</u>
Net total.....		<u>658,089.88</u>
<p>The "other items" separately noted above are not in accord with the present classification of accounts. If these amounts were restored to the investment in road and equipment accounts, the balance would be increased to \$681,114.34. This balance, so far as it is resolvable into its component elements, would comprise the following:</p>		
Recorded money outlay:		
Gross outlay.....	\$253,790.86	
Less cash returned by the trustees of the bonds.....	6,292.37	
		<u>\$247,498.49</u>
Capital stock issued, par value.....		400,000.00
Funded debt issued, par value.....		56,000.00
		<u>456,000.00</u>
Less deductions to represent the proceeds from the sale of materials which are unassignable to any one or more of the above cited classes of outlay.....		<u>22,384.15</u>
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## INVESTMENTS IN OTHER COMPANIES

At April 1, 1849, the balance in the accounts for investments in other companies was \$100,000, representing an unknown number of shares of the capital stock of The Elizabethport and New York Ferry Company. This balance represents the cost of acquiring the stock; namely, \$106,687.22, less \$6,687.22 which was charged to profit and loss.

## THE PERTH AMBOY AND ELIZABETHPORT RAILROAD COMPANY

The records reviewed do not indicate whether this company was controlled by any individual or corporation on September 30, 1873, the date of its demise, nor whether it controlled any common-carrier corporation. In the year 1871 it began the construction of a single-track, standard-gauge railroad between Elizabethport and Perth Amboy, about 12.099 miles, but it had not been completed on date of demise. The capital liabilities of the company consisted of nonnegotiable debt incurred by the receipt of construction advances from the Central of New Jersey of \$476,296.19, all of which was outstanding at the date of demise. On date of demise the balance in the investment in road, no equipment being owned, was \$476,296.19, which represented the amount of construction advances received from the Central of New Jersey.

## THE NEWARK AND NEW YORK RAILROAD COMPANY

The accounting records of this company were not obtained and no information can be given from its accounts regarding its financial dealings, corporate operations, or investments. Certain information stated below was obtained from the published reports of the State of New Jersey, the records of the Central of New Jersey, and the returns made by the latter company covering corporate history. The records reviewed do not indicate that the company on date of demise was controlled by any individual or corporation, nor that it controlled any common-carrier corporation. The property was operated by the Central of New Jersey from the date of completion.

On date of its demise the company owned 6.19 miles of double-track railroad extending from Communipaw to a point on Broad Street in the city of Newark, N. J. This road was completed and turned over for operation to the Central of New Jersey on August 2, 1869, and was operated by that company until the date of demise, October 10, 1873. The records do not indicate whether the construction work was performed by the forces of the company or by contract.

The capital liabilities included capital stock on which dividends of 7 per cent were guaranteed, first-mortgage 7 per cent bonds, and nonnegotiable debt. The particulars with respect thereto were not obtainable.

As the property was operated during the full period of its existence by the Central of New Jersey, the results of corporate operations are included in the general accounts of that company. Published reports of the State of New Jersey show that the receipts and expenses for the period from August 2, 1869, to December 31, 1869, amounted to \$87,463.23 and \$80,502.43, respectively.

The records of the Central of New Jersey show that the balance in the investment in road of the company, which owned no equipment, at September 30, 1873, was \$2,603,012.82. The classes of outlay represented thereby can not be ascertained.

## THE CONSTABLES' HOOK RAILROAD COMPANY

This company was controlled on date of demise by the Central of New Jersey through ownership of its entire outstanding capital stock. The records do not indicate that it controlled any common-carrier corporation. The company was  
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operated by the Central of New Jersey or by its receivers and lessee during its entire life. The company constructed a railroad between a connection with the Central of New Jersey at the Twenty-second Street Station, Bayonne, and a point on the Kill von Kull at Constables' Hook, N. J., about 1.95 miles. This road was completed in 1883. The records do not indicate whether the property was constructed by the forces of the company or by contract.

The company issued a par value of \$81,400 in capital stock to the Central of New Jersey. This stock was issued to retire a like amount of nonnegotiable debt. The entire issue was outstanding on date of demise. The company incurred nonnegotiable debt to affiliated companies to the amount of \$96,471.21 by the receipt of construction advances from the Central of New Jersey. Of this amount \$81,400 was repaid by the issue of a like amount of capital stock. The remainder was outstanding on date of demise.

The results of its corporate operations are included in the general accounts of the Central of New Jersey and can not, therefore, be specifically set forth.

The company owned no equipment. On December 5, 1887, the balance in the investment in road accounts was \$96,471.21. This balance represented the amount of construction advances by the Central of New Jersey.

#### THE MANUFACTURERS' RAILROAD COMPANY

This company was controlled on date of demise by the Central of New Jersey through ownership of its entire outstanding capital stock. The records do not indicate that it controlled any common-carrier corporation. The property of the company was operated during the period of its existence as a part of the property of the Central of New Jersey as follows:

From the date of completion, in 1882, to May 26, 1883, and from Jan. 1, 1887, to the date of demise by the receivers of the Central of New Jersey.

From May 26, 1883, to May 29, 1883, by the Central of New Jersey.

From May 29, 1883, to Jan. 1, 1887, by the Philadelphia and Reading, and its receivers, as lessee of the Central of New Jersey.

It owned on the date of its demise, December 5, 1887, 1.68 miles of railroad extending from Drills Junction to a point on the Passaic River in Newark, N. J. This property was all acquired through construction. It is not known whether the construction work was performed by the forces of the company or by contract.

The results of corporate operations are included in the general accounts of the operating companies and can not be specifically set forth.

The capital stock issued and outstanding at demise was \$79,600. This had been issued at its face value to the Central of New Jersey in the settlement of a like amount of nonnegotiable debt. Nonnegotiable debt to affiliated companies was incurred by the receipt of advances for construction from the Central of New Jersey to the amount of \$84,184.88, of which \$81,390 was repaid; \$79,600 by the issue of a like amount of capital stock, and \$1,790 with the cash proceeds from the sale of land and other property. The remainder of \$2,794.88 was outstanding on date of demise.

The balance in the investment in road accounts, no equipment being owned, at demise amounted to \$82,394.88, of which the following is an analysis:

Road constructed and additions and betterments:

Advanced by the Central of New Jersey for construction----	\$84, 184. 88	
Less retirements—		
Proceeds from the sale of land-----	\$1, 100. 00	
Proceeds from the sale of other property-----	690. 00	
		1, 790. 00
<b>Total</b> -----		<b>82, 394. 88</b>
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## THE HIGH BRIDGE RAILROAD COMPANY

The available accounting records are incomplete. The information here submitted was taken from its records and supplemented by the data taken from the records of the Central of New Jersey and the published reports of the State of New Jersey. Although the company disposed of its property by a deed dated December 29, 1887, its corporate entity and accounts with respect to its property were continued until the close of the year 1888. The company was controlled on date of demise by the Central of New Jersey through ownership of its entire outstanding capital stock. The records do not indicate that it controlled any common-carrier corporation.

The company was operated by the Central of New Jersey, its receivers or lessee during its entire life. The company owned on the date of its demise 15.93 miles of main line extending from High Bridge to Chester, N. J., and approximately 5.65 miles of branch road. The road was opened for operation April 1, 1876. About 1.24 miles of road was subsequently abandoned. The property was all acquired by construction.

The company issued capital stock to the Central of New Jersey in the par value of \$850,000 in repayment of a like amount of nonnegotiable debt. None of this stock had been retired on date of demise. It also incurred nonnegotiable debt to affiliated companies by the receipt of construction advances from the Central of New Jersey to the amount of \$1,053,044.35, of which \$863,672.37 was retired as follows: Capital stock, par value, \$850,000; cash, \$10,180.04; real-estate mortgage receivable, \$1,500, and recorded value of property retired, \$1,992.33. The balance of \$189,371.98 was outstanding on date of demise.

The results of corporate operations are included in the general accounts of the Central of New Jersey and can not be specifically set forth.

The investment of the company in road, including land, no equipment being owned, on December 31, 1888, as reported by the State of New Jersey, was \$1,039,371.98. This amount is also shown in the records of the Central of New Jersey as the cost of road at date of demise, and is summarized as follows:

## Construction, additions, and betterments:

Nonnegotiable debt to affiliated companies	\$1, 053, 044. 35	
Less amounts returned to the Central of New Jersey—		
Cash	\$10, 180. 04	
Real-estate mortgage receivable	1, 500. 00	
		11, 680. 04
		\$1, 041, 364. 31
Less retirements, recorded value of road property retired		1, 992. 33
Total		1, 039, 371. 98

## THE LONGWOOD VALLEY RAILROAD COMPANY

## INTRODUCTORY

This company was controlled on date of demise by the Central of New Jersey through ownership of its entire outstanding capital stock. It did not control any common-carrier corporation. The property of the company was operated during the period of its existence as a part of the Central of New Jersey's system, as follows:

From date of completion, in 1876, to Feb. 14, 1877, and from May 26, 1883, to May 29, by the Central of New Jersey.

From Feb. 14, 1877, to May 26, 1883, and from Jan. 1, 1887, to Dec. 30, 1887, by the receivers of the Central of New Jersey.

From May 29, 1883, to Jan. 1, 1887, by the Philadelphia and Reading, as lessee of the Central of New Jersey.

On date of demise the owned road consisted of 10.960 miles of single-track, standard-gauge railroad between Wharton and German Valley, N. J., which was completed and put in operation as a part of the Central of New Jersey in 1876.

#### HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records reviewed do not disclose any syndicating arrangements in connection with issuance of securities. Prior to December 1, 1874, the company began the construction of its road. On or about December 31, 1874, the Central of New Jersey purchased from E. Canfield for \$60,000 the outstanding capital stock having a par value of \$159,800. In consideration of the purchase money, E. Canfield assumed the other liabilities of the company. The completion of the road was financed by the Central of New Jersey.

*Capital stock and long-term debt.*—From the date of its incorporation, April 3, 1867, to date of demise, the company issued capital stock and incurred nonnegotiable debt to affiliated companies, as disclosed by its records, aggregating \$911,835.47, of which \$444,935.47 was actually outstanding on date of demise, as summarized in the following table:

Classification	Issued	Retired or assumed by others	Outstanding
Capital stock:			
Common.....	\$459, 800. 00	\$159, 800	\$300, 000. 00
Preferred.....	6, 800. 00	6, 800	-----
Total.....	466, 600. 00	166, 600	300, 000. 00
Nonnegotiable debt to affiliated companies.....	445, 235. 47	300, 300	144, 935. 47
Grand total.....	911, 835. 44	466, 900	444, 935. 47

*Capital stock.*—Two issues of common stock were made, the first consisting of \$159,800 par value. The actual consideration received therefor could not be ascertained. However, of this amount \$159,739.61 was charged in the accounts to investment in road and \$49.39 was apparently issued for cash. The stock was purchased by the Central of New Jersey from E. Canfield and evidently surrendered for cancellation. In 1879 a second issue of common stock in the par value of \$300,000 was made. This amount was issued to the Central of New Jersey to retire a like amount of nonnegotiable debt. The preferred stock in the par value of \$6,800 was issued to John Lee and Sons, contractors, and charged to investment in road. The liability was transferred to E. Canfield.

*Nonnegotiable debt to affiliated companies.*—Nonnegotiable debt to affiliated companies to the amount of \$445,235.47 was incurred by the receipt of advances from the Central of New Jersey, as follows:

Cash:

Amount paid E. Canfield for the outstanding capital stock.....	\$60, 000. 00	
Other cash items.....	61, 607. 31	
		\$112, 607. 31
Construction.....		332, 628. 16
Total.....		445, 235. 47

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Of this total, \$300,300 was retired; \$300,000 by the issue of a like amount of capital stock and \$300 with cash. The remainder of \$144,935.47 was outstanding on date of demise.

*Short-term notes.*—Short-term notes amounting to \$13,693.50 were issued to John Lee and Sons, contractors, and charged in the accounts to investment in road. The liability for these notes was transferred to E. Canfield, who assumed them as a part of the consideration for the money paid to him by the Central of New Jersey for the capital stock.

## RESULTS OF CORPORATE OPERATIONS

The results of corporate operations by others are included in the general accounts of the operating companies and were not ascertained.

## INVESTMENT IN ROAD AND EQUIPMENT

The investment in road, including land, no equipment being owned, on date of demise amounted to \$433,501.58, of which the following is a general analysis:

Construction prior to Dec. 31, 1874:

Capital stock issued, par value—		
Common.....	\$159,759.61	
Preferred.....	6,800.00	
		<u>\$166,559.61</u>
Bills payable.....		13,693.50
		<u>180,253.11</u>
Balance at Dec. 31, 1874.....		<u>180,253.11</u>

Construction and additions and betterments since Dec. 31, 1874:

Money outlay.....	40,873.42
Advanced by the Central of New Jersey.....	332,628.16
Total.....	<u>373,501.58</u>

Grand total of the above..... 553,754.69

Other items credited, amount purged from the investment account in rewriting the books to conform with the values and classifications adopted by the Central of New Jersey, and representing the excess of the balance in the investment in road account over the cost to the Central of New Jersey to acquire the outstanding capital stock:

Balance in the investment account at Dec. 31, 1874.....	\$180,253.11
Less amount paid for the outstanding common stock.....	60,000.00
	<u>120,253.11</u>

Net balance at Dec. 30, 1887..... 433,501.58

The lack of particulars with respect to the charges made to this account prior to December 31, 1874, will not permit a statement as to what extent, if any, the items separately noted in the above tabulation do not conform with the present classification of accounts.

## THE LAKE HOPATCONG RAILROAD COMPANY

On date of demise, December 31, 1887, this company was controlled by the Central of New Jersey through ownership of its entire outstanding capital stock. It controlled no common-carrier corporation. Upon its completion in 1882 the  
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railroad was turned over to the Central of New Jersey for operation, and has since been operated as a part of that system.

The company owned on date of demise 5.535 miles of standard-gauge railroad extending from Hopatcong Junction to Lake Hopatcong, N. J. The entire property was acquired by construction, but the records do not indicate whether the work was performed by the forces of the company or by contract.

The company issued capital stock to the Central of New Jersey in the par value of \$177,300 in settlement of a like amount of nonnegotiable debt. Nonnegotiable debt to affiliated companies was incurred by the receipt of advances from the Central of New Jersey to the amount of \$180,624.58, of which \$177,300 was repaid by an issue of a like amount of capital stock, and the remainder, \$3,324.58, was outstanding on date of demise.

The results of corporate operations are included in the general accounts of the operating companies and can not, therefore, be specifically set forth.

The investment in road, including land, no equipment being owned, on date of demise amounted to \$180,624.58, which represents the amount of advances received from the Central of New Jersey for the construction of the road and for additions and betterments thereto.

## THE SOUTH BRANCH RAILROAD COMPANY

### INTRODUCTORY

The available accounting records of this company are incomplete. No entries were made therein applicable to the period subsequent to December 31, 1887, although its corporate entity continued until December 15, 1888. If the company was not closely affiliated with the Central of New Jersey at its inception, it soon became so and was a recipient of aid through funds advanced, and the Central of New Jersey was a medium for marketing its capital stock. The company was controlled on date of demise by the Central of New Jersey through ownership of its entire outstanding capital stock. It controlled no common-carrier corporation. The property was operated as a part of the Central of New Jersey's system during its entire existence. On date of demise the company owned 15.723 miles of railroad, extending from Somerville to Flemington, N. J. The road was constructed under contract and put in operation, under lease, to the Central of New Jersey on July 1, 1864.

### HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records of the company do not disclose that any syndicating arrangements were made in connection with issuance of securities.

*Capital stock and long-term debt.*—From the date of its incorporation, March 14, 1861, to date of demise, the company issued capital stock and incurred nonnegotiable debt to affiliated companies, as disclosed by its records, aggregating \$864,704.91, of which \$442,855.19 was outstanding on date of demise. Of the securities issued, \$438,300 was in capital stock and \$426,404.91 in nonnegotiable debt; of the latter, \$421,849.72 had been retired on date of valuation.

*Capital stock.*—The company issued capital stock to the Central of New Jersey in the par value of \$438,300, of which \$203,395 was for a like amount of cash and \$234,905 was issued in the discharge of a like amount of nonnegotiable debt.

*Nonnegotiable debt to affiliated companies.*—The company incurred nonnegotiable debt to affiliated companies by the receipt of advances from the Central of New Jersey aggregating \$426,404.91, of which \$414,073.24 was cash and \$12,031.67 was for construction. The company repaid \$421,849.72 by the issue of \$234,905

par value of capital stock, \$186,538.15 in cash, and \$406.57 by the sale of materials to the Central of New Jersey. The remainder, \$4,555.19, was outstanding on date of demise.

## RESULTS OF CORPORATE OPERATIONS

The records of the company show that it received a rental from the lease of its property for the period from 1862 to December 31, 1865; since the latter date and until its demise the results of its corporate operations are included in the general accounts of operating companies and may not be specifically stated. The income from the lease of road and the dividends declared for the period from 1862 to December 31, 1865, as entered in the investment in road accounts, follow:

Rent received from the Central of New Jersey for use of road, pur- porting to represent 6 per cent on capital stock .....	\$48, 939. 15
Dividends paid on capital stock.....	67, 182. 16
<hr/>	
Excess of the dividends paid over the amount of rental received and charged in the accounts to investment in road.....	18, 243. 01

## INVESTMENT IN ROAD AND EQUIPMENT

The investment of the company in road, including land, no equipment being owned, on date of demise, was entered in its books as \$442,855.19, of which the following is a general analysis:

Construction of road and additions and betterments:	
Recorded money outlay.....	\$420, 348. 66
Nonnegotiable debt.....	12, 331. 87
<hr/>	
Total.....	432, 680. 53
Less retirements:	
Proceeds from the sale of materials.....	\$406. 57
Proceeds from the sale of lands.....	7, 661. 78
<hr/>	
	8, 068. 35
<hr/>	
Net balance of the above items.....	424, 612. 18
Other items:	
Debits, dividends paid on capital stock from 1862 to Dec. 31, 1865, purporting to be at the rate of 6 per cent per year.....	
	67, 182. 16
Credits, rent received from lease of road for the period from 1862 to Dec. 31, 1865, purporting to be 6 per cent per year on the par value of the stock.....	
	48, 939. 15
<hr/>	
Net debits.....	18, 243. 01
<hr/>	
Grand total.....	442, 855. 19

The "other items" separately noted are not in accordance with the present classification of accounts. If the net debit of such items, namely \$18,243.01, were eliminated from the investment in road accounts, the balance would be decreased to \$424,612.18. This balance, so far as it is resolvable into its component elements would comprise the following:

Recorded money outlay:	
Expended by the company.....	\$420, 348. 66
Expended by the Central of New Jersey.....	12, 331. 87
<hr/>	
	\$432, 680. 53
Less the deductions, representing the retirements, hereinbefore detailed.....	
	8, 068. 35
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## THE BUENA VISTA RAILROAD COMPANY

This company was controlled during its entire life by the Central of New Jersey through ownership of its entire outstanding capital stock. It controlled no common-carrier corporations. The Central of New Jersey operated the property as a part of its own system during the same period. On date of demise, October 16, 1917, the company owned approximately 1 mile of road between a point near Greenwich and Greenwich Pier, N. J. This road was completed and put in operation in the year 1890.

The company issued capital stock to the Central of New Jersey in the par value of \$21,400 in settlement of a like amount of nonnegotiable debt. It also incurred nonnegotiable debt to affiliated companies to the amount of \$23,105.57 by the receipt of construction advances from the Central of New Jersey. Of this amount, \$21,400 was repaid by the issue of a like amount of capital stock and \$1,705.57 was outstanding on date of demise.

The property was operated during the full term of its existence by the Central of New Jersey without formal operating agreement by virtue of the ownership of all the capital stock. No entries were made in the books of the company to show the results of corporate operations. The earnings and expenses of the property, being included in the general accounts of the Central of New Jersey, can not be determined.

The investment of the company in road, including land, no equipment being owned, on date of demise was stated in its books as \$23,105.57, which amount represented the construction advances received from the Central of New Jersey.

## THE CARTERET AND SEWAREN RAILROAD COMPANY

On date of demise, October 16, 1917, this company was controlled by the Central of New Jersey through ownership of its outstanding capital stock. It did not control any common-carrier corporations. The Central of New Jersey operated the property during its entire life. On date of demise the company owned 1.22 miles of railroad extending from a point near Carteret to a connection with the Port Reading creosoting tracks in the State of New Jersey. This road was completed on November 5, 1891, and turned over to the Central of New Jersey for operation. Although the returns of the Central of New Jersey covering corporate history show that the above mileage was constructed by the Carteret and Sewaren, it is evident from the accounting records that a portion of the road was constructed under the charter of The Carteret Extension Railroad Company and was transferred to the Carteret and Sewaren through the accounts of the Central of New Jersey in 1897.

The company issued capital stock to the Central of New Jersey in the par value of \$24,800 in repayment of a like amount of nonnegotiable debt. It incurred nonnegotiable debt to affiliated companies in the amount of \$25,669.45 by the receipt of construction advances from the Central of New Jersey, of which \$24,800 was repaid by the issue of a like amount of capital stock. Against the remaining amount of \$869.45 there was applied the recorded value of road property retired, viz, \$3,509.19, and the difference of \$2,639.74 represents investments in advances to affiliated companies on date of demise.

The property was operated by the Central of New Jersey from the date of completion to the date of demise without formal operating agreement. The results of corporate operations are included in the general accounts of the latter company and can not be determined.

The investment of the company in road, including land, no equipment being owned, on date of demise was stated in its books as \$22,160.26, of which the following is a general analysis:

Road acquired from the Carteret Extension, nonnegotiable debt incurred.....		\$8,711.78
Road constructed, nonnegotiable debt incurred.....		16,957.67
Total.....		<u>25,669.45</u>
Less recorded value of property retired:		
Proceeds from sale of siding.....	\$3,295.44	
Recorded value of siding removed.....	213.75	
		<u>3,509.19</u>
Net total.....		<u>22,160.26</u>

#### THE CARTERET EXTENSION RAILROAD COMPANY

This company was controlled on date of demise by the Central of New Jersey through ownership of its entire outstanding capital stock. It controlled no common-carrier corporations. The property was operated by the Central of New Jersey during its entire life. During the year 1889 the company constructed and opened for operation a single-track, standard-gauge railroad extending from East Rahway to Carteret, N. J., about 1.78 miles. In 1897 about 0.08 mile of road way transferred to the Carteret and Sewaren Railroad Company.

The company issued to the Central of New Jersey capital stock in the par value of \$23,600 in repayment of a like amount of nonnegotiable debt. It also incurred nonnegotiable debt to affiliated companies in the amount of \$67,778.68 by the receipt of construction advances from the Central of New Jersey, of which \$32,432.62 was repaid as follows:

Capital stock issued, par value.....	\$23,600.00
Recorded value of road transferred to the Carteret and Sewaren and applied to reduce the debt due the Central of New Jersey.....	8,711.78
Recorded value of property retired which was applied to reduce the debt due the Central of New Jersey.....	<u>120.84</u>
Total.....	<u>32,432.62</u>

The balance of \$35,346.06 was outstanding on date of demise.

The results of corporate operations are included in the general accounts of the Central of New Jersey, which operated the property from the date of completion to date of demise.

The investment of the company in road, including land, no equipment being owned, on date of demise amounted to \$58,946.06, of which the following is a general analysis:

Road constructed, nonnegotiable debt to affiliated companies....	\$67,778.68
Less recorded value of property retired:	
Recorded value of property transferred to the Carteret and Sewaren.....	\$8,711.78
Recorded value of other property retired.....	<u>120.84</u>
	<u>8,832.62</u>
Net total.....	<u>58,946.06</u>

## CUMBERLAND AND MAURICE RIVER RAILROAD COMPANY

## INTRODUCTORY

The original accounting records of this company are not obtainable. The available records date from March, 1887. The information here submitted was taken therefrom and supplemented by data taken from the published reports of the State of New Jersey. On date of demise the company was controlled by the Central of New Jersey. On the other hand, it controlled no other common-carrier corporations. The property was operated independently from date of acquirement to December 31, 1889. From that time to date of demise it was operated by the Central of New Jersey.

On date of demise the company owned 21.303 miles of single-track, standard-gauge railroad, extending from Bridgeton to Bivalve, N. J., all of which had been acquired from the Bridgeton and Port Norris Railroad Company.

## HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records of the company do not disclose that any syndicating arrangements were made in connection with issuance of securities.

*Capital stock and long-term debt.*—From the date of its incorporation, January 2, 1879, to date of demise the company had issued capital stock and funded debt, as disclosed by its records, aggregating \$366,389.72, of which \$317,360.32 was outstanding on date of demise, as summarized in the following table:

Classification	Issued	Retired	Outstanding
Capital stock:			
Common.....	\$250,000.00		\$250,000.00
Preferred.....	5,000.00	\$2,100.00	2,900.00
Cumberland and Maurice River Telegraph.....	2,500.00	2,500.00	
Total.....	257,500.00	4,600.00	252,900.00
Funded debt.....	5,000.00	5,000.00	
Nonnegotiable debt to affiliated companies.....	103,889.72	39,429.40	64,460.32
Grand total.....	366,389.72	49,029.40	317,360.32

*Capital stock.*—The company issued a total par value of \$250,000 of capital stock and scrip, all of which was charged to investment in road and equipment. In 1912, it canceled \$128.80 par value of scrip. No entries were made reducing the stock liability to represent the cancellations. The company issued preferred stock in the par value of \$5,000, which was charged to investment in road. In 1888, it canceled \$2,100 through a credit to profit and loss account. There was issued a par value of \$2,500 of company telegraph stock, representing 5,000 shares, all of which was charged to investment in road and equipment. In rewriting the records of the company as of December 31, 1888, no entries were made for this liability, and a corresponding deduction was made in the investment in road and equipment account.

*Funded debt.*—The published reports of the State of New Jersey indicate that the company issued first-mortgage 20-year 6 per cent bonds, due December 1, 1899, in the par value of \$5,000. The available accounting records do not show the liability although the ownership of a like amount of bonds of the company is shown in the records of the Central of New Jersey as of December 31, 1888. The considerations received in the issue or the manner of retirement are not obtainable.

*Nonnegotiable debt to affiliated companies.*—The company incurred a debt to the Central of New Jersey to the amount of \$103,889.72, representing amounts

advanced for the construction of additions and betterments. Of this debt, \$39,429.40 was repaid as follows:

Inventory value of equipment sold to the Central of New Jersey in 1888.....	\$11, 885. 24
Amounts credited to road representing the recorded value of property retired.....	25, 020. 16
Proceeds from the sale of land.....	1, 524. 00
Indeterminable.....	1, 000. 00
<b>Total.....</b>	<b>39, 429. 40</b>

## RESULTS OF CORPORATE OPERATIONS

The results of corporate operations since December 31, 1889, are included in the general accounts of the Central of New Jersey, and may not be specifically stated.

*Income statement.*—A condensed summary of the income accounts for the period from January 1, 1882, to December 31, 1889, as published in the reports of the State of New Jersey, follows:

## Credit items:

Freight revenue.....	\$212, 573. 35
Passenger revenue.....	118, 798. 39
Income from other sources.....	17, 145. 98
<b>Total.....</b>	<b>348, 517. 72</b>

## Debit items:

Expenditures for "working road, including repairs, maintenance of way, motive power, and contingencies".....	299, 943. 11
Dividends (1883-5, ½ per cent; 1884 and 1885, 6 per cent; 1886, 3 per cent).....	50, 850. 25
<b>Total.....</b>	<b>350, 793. 36</b>

Excess debit items over credit items..... 2, 275. 64

*Profit and loss statement.*—A summary of the profit and loss account for the period from January 1, 1882, to December 31, 1889, shows miscellaneous credits of \$2,100 and a corresponding credit balance at date of demise. At the time of opening the books of the company in March, 1887, the par value of its preferred stock, namely, \$5,000, was charged to investment in road and equipment. During the year 1888 a par value of \$2,100 was canceled, and a corresponding credit made to profit and loss.

## INVESTMENT IN ROAD AND EQUIPMENT

The investment of the company in road, including land, no equipment being owned, on date of demise, was stated in its books as \$319,460.32, of which the following is a general analysis:

## Road and equipment acquired:

Capital stock issued to the bondholders of the Bridgeton and Port Norris Railroad Company, par value.....	\$250, 000. 00
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## Subsequent charges:

Nonnegotiable debt to affiliated companies.....	103, 889. 72
Preferred stock issued, par value.....	5, 000. 00
Cumberland and Maurice River telegraph stock issued, par value.....	2, 500. 00

**Total..... 361, 389. 72**

Less—

Adjustment entered following the sale of the telegraph line by the Central of New Jersey and representing the par value of the stock above cited.....		\$2, 500. 00
Retirements of road—		
Proceeds from the sale of land.....	\$1, 524. 00	
Recorded value of other property retired.....	24, 760. 16	
		<u>26, 284. 16</u>
Retirements of equipment—		
Recorded value of equipment sold the Central of New Jersey.....	11, 885. 24	
Proceeds from the sale of other equipment.....	260. 00	
		<u>12, 145. 24</u>
Amount credited without descriptive detail.....		<u>1, 000. 00</u>
		\$41, 929. 40
Net total.....		<u>319, 460. 32</u>

This balance includes \$2,228.80, the par value of common-stock scrip and preferred stock which was canceled or written out of the accounts. If this amount were eliminated, the balance would be decreased to \$317,231.52. This balance, in so far as it is resolvable into its component elements, would comprise the following:

Common stock and scrip issued, par value.....	\$249, 871. 20
Preferred stock issued, par value.....	2, 900. 00
Recorded money outlay.....	<u>103, 889. 72</u>
Less deductions unassignable specifically to any one or more of the above-cited classes:	
Retirements as hereinbefore detailed.....	\$38, 429. 40
Other deductions the particulars of which were not definitely determinable.....	<u>1, 000. 00</u>
	39, 429. 40

It is not known whether the above-cited amounts include the expenditures for additions and betterments or credits for retirements, if any, made between the date of incorporation, January 2, 1879, and the date of opening the available accounting records, March, 1887.

#### BRIDGETON AND PORT NORRIS RAILROAD COMPANY

There are no accounting records available. The information herein submitted was taken from the corporate history of this company, as compiled by the Central of New Jersey, and supplemented by data taken from the published reports of the State of New Jersey. The records reviewed do not indicate that the company on date of demise was controlled by any individual or corporation, nor, on the other hand, that it controlled any common-carrier corporations. The company operated its property from date of completion to July 8, 1874, when it was taken over by a receiver who operated it until the date of demise.

On date of demise the company owned about 21.303 miles of single-track standard-gauge steam railroad, extending from Bridgeton to Bivalve, N. J. This road was acquired by construction, being completed and placed in operation on December 16, 1872.

The outstanding liabilities at date of demise aggregated \$700,000. This amount comprised "Capital stock paid in" of \$300,000, and "Bonded debt" of \$400,000. The considerations received were not obtainable.

The reported receipts and disbursements for the period from December 16, 1872, to December 31, 1877, follow:

## Receipts:

Operating revenues.....	\$130,263.94
Hire of equipment.....	662.22
Other income.....	246.56
Cash received from the estate of ex-receiver.....	2,966.88
<b>Total receipts.....</b>	<b>134,139.60</b>

## Disbursements:

"Working road, including repairs, maintenance of way, motive power and contingencies".....	87,014.61
Interest account.....	16,629.25
Hire of equipment.....	2,882.48
Cash paid on floating debt.....	3,630.19
"Paid for mails".....	2,904.86
"Construction".....	14,999.05
	<u>128,060.44</u>
<b>Excess of receipts over disbursements.....</b>	<b>6,079.16</b>

The reported cost of road and equipment as of December 31, 1877, was \$700,000, the particulars of which are not ascertainable.

## CUMBERLAND AND MAURICE RIVER EXTENSION RAILROAD COMPANY

On date of demise this company was controlled by the Central of New Jersey through ownership of its entire outstanding capital stock. On the other hand, it controlled no common-carrier corporations. The property was operated by the Central of New Jersey during its entire life.

On date of demise the company owned 1.01 miles of single-track, standard-gauge railroad between Bridgeton Junction and Bridgeton, N. J. This road was acquired by construction and was completed in 1887.

The company issued capital stock to the Central of New Jersey in the par value of \$16,200 in settlement of a like amount of nonnegotiable debt. It incurred nonnegotiable debt to the Central of New Jersey and its receivers in the amount of \$17,314.12 for construction of and additions and betterments to its road. Of this amount \$16,200 was repaid by the issue of a like amount of capital stock; the amount was further reduced \$200, the recorded value of certain property retired, and \$914.12 was outstanding on date of demise.

No entries were made in the records to show the results of its corporate operations, its income being included in the general accounts of the operators.

The investment of the company in road, including land, no equipment being owned, on date of demise, amounted to \$17,114.12 and comprised the following:

Advances made by the Central of New Jersey and its receivers for the construction of the original road, and subsequent additions and betterments.....	\$17,314.12
Less the recorded value of old station removed.....	200.00
<b>Total.....</b>	<b>17,114.12</b>

## THE ELIZABETH EXTENSION RAILROAD COMPANY

On date of demise this company was controlled by the Central of New Jersey through ownership of its entire outstanding capital stock. On the other hand, it controlled no common-carrier corporation. The company was operated as a part of the Central of New Jersey during its entire life.

On date of demise the company owned approximately 1.62 miles of road, extending from Great Island to the industrial plant of Hitchings and Company, all in the State of New Jersey. The property was acquired by construction, being completed and turned over to the Central of New Jersey for operation in 1889. The accounting records show that in the year 1899 about 2.23 miles of track were removed. It was not determined whether or not the tracks removed included any part of the above-cited road mileage.

The company issued capital stock to the Central of New Jersey in the par value of \$30,000 in settlement of a like amount of nonnegotiable debt. Nonnegotiable debt to affiliated companies was incurred by the receipt of construction advances from the Central of New Jersey to the amount of \$81,500, of which \$30,000 was repaid by the issue of a like amount of capital stock, and still further reduced by \$26,696, the recorded value of 11,800 feet of track retired, and lands transferred to the Central of New Jersey. The balance of \$24,804 was outstanding on date of demise.

The property of the company was operated from the date of completion to its demise as a part of the railroad of the Central of New Jersey without formal operating agreement, the results of corporate operations being included in the general accounts of the operating company.

The investment of the company in road, including land, no equipment being owned, on date of demise, was stated in its books as \$54,804, of which the following is a general analysis:

Road constructed, additions and betterments; nonnegotiable debt to affiliated companies.....		\$81, 500. 00
Less retirements of road:		
Recorded value of 2.23 miles of track removed....	\$23, 246. 00	
Recorded value of land transferred to the Central of New Jersey.....	3, 450. 00	
		<u>26, 696. 00</u>
Total.....		54, 804. 00

## THE FREEHOLD AND ATLANTIC HIGHLANDS RAILROAD COMPANY

## INTRODUCTORY

The accounts pertaining to this company are included in the records of the Central of New Jersey described as "Proprietary Companies" ledger. Information here submitted was taken therefrom and supplemented by data taken from the published reports of the State of New Jersey. On date of demise the company was controlled by the Central of New Jersey through ownership of its entire outstanding capital stock. It controlled no common-carrier corporation. The property was operated by the Central of New Jersey during the entire period of its corporate existence.

On date of demise the property of the company consisted of 22.67 miles of single-track, standard-gauge railroad, extending from Atlantic Highlands to Freehold, N. J. This property had been acquired by the consolidation and merger of the Atlantic Highlands Railroad and the Freehold and Keyport Rail-

road Company under the terms of an agreement dated January 10, 1890. A detail of the road so acquired follows:

	Mileage
Atlantic Highlands Railroad Company, between Atlantic Highlands and Lorillard.....	6. 60
Freehold and Keyport Railroad Company, between Lorillard and Freehold.....	16. 07
Total approximate mileage.....	<u>22. 67</u>

#### HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records of the company do not disclose any syndicating arrangements in connection with issuance of securities. Winslow, Lanier and Company, of New York, N. Y., financed the organization of the company and the consolidation of its constituent companies in the interest of the Central of New Jersey. The latter company reimbursed that firm and in turn received the capital stock of the Freehold and Atlantic Highlands.

*Capital stock.*—The capital obligations of the company consisted of the issue of \$650,000 par value of capital stock, all of which was outstanding on date of demise. This stock was issued to the Central of New Jersey in repayment of expenditures incident to the reorganization and consolidation, in settlement of amount due the Central of New Jersey by the predecessor companies, and in anticipation of advances thereafter to be made by the Central of New Jersey for additions and betterments. A detail of the recorded purpose of the issue of stock follows:

Funded debt of predecessor companies retired:	
Freehold and New York Railway Company, par value unknown.....	\$82, 798. 00
New York and Atlantic Highlands Railroad Company, par value.....	20, 000. 00
	<u>\$102, 798. 00</u>
Other liabilities of predecessor companies retired:	
Freehold and New York, current account.....	44, 489. 99
New York and Atlantic Highlands, advances.....	7, 128. 65
Atlantic Highlands Railroad Company, advances.....	77, 295. 05
	<u>128, 913. 69</u>
Expenditures incident to the organization and consolidation:	
Account of Winslow, Lanier and Company.....	179, 530. 07
Other items.....	1, 559. 35
	<u>181, 089. 42</u>
Issued in anticipation of additions and betterments hereafter to be made to the property by the Central of New Jersey.....	237, 198. 89
Total.....	<u>650, 000. 00</u>

#### RESULTS OF CORPORATE OPERATIONS

The results of corporate operations of the company are included in the general accounts of the Central of New Jersey and can not be specifically stated

#### INVESTMENT IN ROAD AND EQUIPMENT

The investment in road and equipment, including land, on date of demise, was stated in its books as \$613,568.20, of which the following is a general analysis:



Roads consolidated and merged, including equipment:

Atlantic Highlands Railroad Freehold and Keyport Railroad—	
Capital stock issued to the Central of New Jersey in repayment of its expenditures for the retirement of funded debt of the predecessor companies and for organization and consolidation expenses, and to settle the accounts due the Central of New Jersey by the predecessors, par value.....	\$412, 801. 11
Additions and betterments, road:	
Recorded money outlay by the Central of New Jersey.....	291, 268. 73
Estimated recorded value of lands reclassified or restored to railroad uses.....	5, 335. 00
Total.....	<u>709, 404. 84</u>
Less—	
Retirements of road—	
Recorded value of materials sold the Central of New Jersey.....	\$21, 070. 72
Estimated value of lands reclassified or withdrawn from railroad uses and transferred to the Central of New Jersey.....	20, 850. 00
Proceeds from the sale of other lands.....	250. 00
Recorded value of other property retired.....	32, 326. 50
	<u>74, 497. 22</u>
Retirements of equipment, inventory value of equipment sold the Central of New Jersey.....	21, 339. 42
	<u>95, 836. 64</u>
Total.....	<u>613, 568. 20</u>
This balance, in so far as it is resolvable into its component elements, would comprise the following:	
Capital stock issued, par value.....	\$412, 801. 11
Recorded money outlay.....	291, 268. 73
Estimated recorded value of lands reclassified or lands restored to railroad purposes.....	5, 335. 00
	<u>95, 836. 64</u>
Less the recorded value of the retirements hereinbefore detailed, which is unassignable to any one or more of the above-cited classes of outlay.....	95, 836. 64

#### INVESTMENTS IN OTHER COMPANIES

The investments in other companies on date of demise amounted to \$36,431.80. This amount represented the residue from the par value of capital stock issued to the Central of New Jersey in anticipation of advances for additions and betterments and other items, as follows:

Capital stock issued in anticipation of advances.....	\$237, 198. 89
Inventory value of materials sold to the Central of New Jersey...	21, 070. 72
Inventory value of equipment sold to the Central of New Jersey...	21, 339. 42
Estimated recorded value of lands reclassified or withdrawn from railroad uses and transferred to the Central of New Jersey.....	20, 850. 00
Proceeds from the sale of other lands which were retained by the Central of New Jersey.....	250. 00
Recorded value of other property retired and applied in this account.....	32, 326. 50
Total.....	<u>333, 035. 53</u>

Less—

Recorded money outlay by the Central of New Jersey for additions and betterments.....	\$291, 268. 73
Estimated recorded value of lands reclassified or restored to railroad uses.....	5, 335. 00
Total.....	<u>296, 603. 73</u>
Balance at date of demise.....	<u>36, 431. 80</u>

## THE ATLANTIC HIGHLANDS RAILROAD COMPANY

The accounting records of this company are not available. The information here submitted was taken from the published reports of the Central of New Jersey and from the returns made by the Central of New Jersey covering corporate history. The records reviewed do not indicate that on date of demise, January 23, 1890, the company was controlled by any individual or corporation, nor that it controlled any common-carrier corporation. Its property was operated as a part of the Central of New Jersey during its entire life. On date of demise it owned 6.60 miles of single-track standard-gauge railroad, extending from Atlantic Highlands to Lorillard, N. J. Of this property, 2.8 miles was acquired from the New York and Atlantic Highlands Railroad Company by deed dated January 8, 1890. The remaining 3.8 miles were acquired by construction.

The company issued \$200,000 par value of capital stock. The particulars with respect thereto were not ascertained. The results of corporate operations are included in the general accounts of the Central of New Jersey, and can not therefore be specifically set forth. The reported cost of road and equipment, as of December 31, 1889, was \$136,593.13, the particulars of which can not be ascertained.

## THE NEW YORK AND ATLANTIC HIGHLANDS RAILROAD COMPANY

There are no accounting records of this company available. The information herein submitted was taken from the published reports of the State of New Jersey and from the returns made by the Central of New Jersey covering corporate history. The records reviewed do not indicate that at date of demise, December, 1889, the company was controlled by any individual or corporation, nor that it controlled any common-carrier corporation.

By an agreement dated April 30, 1883, the property of the company was leased to The New Jersey Southern Railway Company for operation but was operated as follows:

From its completion in July, 1883, to January 1, 1887, by the Philadelphia and Reading, as lessee of the Central of New Jersey.

From January 1, 1887, to December 31, 1887, by the receivers of the Central of New Jersey.

From December 31, 1887, to date of demise by the Central of New Jersey.

On date of demise the company owned 2.8 miles of single-track standard-gauge railroad, extending from Atlantic Highlands to Belford, N. J. All of the property was acquired by construction in 1883.

The report of the State of New Jersey for the year ended December 31, 1889, shows that the capital liabilities of the company then consisted of "Capital stock paid in," \$20,000, and funded debt, \$20,000. The value or character of the considerations received in the issue of the securities was not ascertainable. It also issued a second mortgage to the Central of New Jersey for \$7,875.76 in settlement for certain construction. Prior to December 31, 1887, it was to receive as rental for the lease of the property a percentage of the gross receipts; sub-

quent to December 31, 1887, and until its demise, it was to receive as yearly rental the sum of \$1,200.

The investment of the company in road, including land, no equipment being owned, on date of demise, was reported to be \$46,901.46. No details of this amount were available.

#### THE FREEHOLD AND KEYPORT RAILROAD COMPANY

The accounting records of this company are not available. The information here submitted was taken from the returns of the Central of New Jersey covering corporate history. The records reviewed did not indicate that on date of demise, January 23, 1890, the company was controlled by any individual or corporation, nor that it controlled any common-carrier corporation. The records do not indicate that on date of demise the company was operated by other than its own organization. On date of demise the company owned approximately 16.07 miles of single-track, standard-gauge railroad, extending from Freehold to Lorillard, N. J., more particularly described as follows:

Road acquired and removed:	Mileage
The Freehold and Newport Railroad Company, Freehold and Newport Pier at Keyport, N. J.-----	14. 20
The Keyport Railroad Company, Keyport and Lorillard, N. J.-----	2. 50
	<hr/> 16. 70
Less an unexplained difference of 0.63 mile.-----	0. 63
	<hr/> 16. 07
Total approximate mileage, owned at date of demise-----	16. 07

#### THE KEYPORT RAILROAD COMPANY

There are no accounting records of this company available. The information here submitted was taken from the records of The Freehold and New York Railroad Company through which the construction of the railroad of this company was financed. The information taken from that source was supplemented by other information taken from the published reports of the State of New Jersey, and from the return made by the Central of New Jersey covering corporate history. The records reviewed do not indicate that on date of demise the company was controlled by any individual or corporation, nor that it controlled any common-carrier corporation.

The property was operated during its life by the Freehold and New York. On date of demise the company owned 2.5 miles of single-track standard-gauge railroad extending from Keyport to Lorillard, N. J., all of which was acquired by construction in 1889.

The published report for the year ended December 31, 1889, shows that the "Capital stock paid in" of the company was \$5,000. The value or class of consideration received in the issue can not be obtained. Nonnegotiable debt to affiliated companies of \$60,577.27 was incurred for the construction of the road by the Freehold and New York.

The property was operated by the Freehold and New York from the date of its completion to date of demise. Results of operation are included in the general accounts of the operating company, and can not be specifically set forth.

The investment of the company in road, including land, no equipment being owned, on date of demise was reported as \$65,577.27. This amount represents the sum of the capital stock issued, viz, \$5,000, and the recorded money outlay of \$60,577.27, as disclosed by the accounts of the Freehold and New York.

## THE FREEHOLD AND NEW YORK RAILROAD COMPANY

The available accounting records are incomplete. The information here submitted was taken from the obtainable records, and supplemented by data taken from the published reports of the State of New Jersey.

The records reviewed do not indicate that on date of demise this company was controlled by any individual or corporation, nor that it controlled any common-carrier corporation. The property of the company was operated by its own organization during its entire existence. It also operated the property of the Keyport Railroad Company. On date of demise the company owned 14.2 miles of single-track, standard-gauge railroad extending from Keyport Pier at Keyport to Freehold, N. J., all of which had been acquired from The Freehold and New York Railway Company, on November 3, 1888.

The capital liabilities of the company, as published by the State of New Jersey, was "Capital stock paid in" \$500,000. The class or amount of considerations received therefor was not obtained.

The results of the operations of both this company and the Keyport Railroad for the period from September 25, 1888, to December 31, 1889, as shown by the income and profit and loss accounts, follow:

## Income, operating income:

Railway operating revenues.....	\$62, 547. 13
Railway operating expenses.....	53, 026. 61

Net revenue from railway operations.....	9, 520. 52
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Railway tax accruals.....	2, 602. 56
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Total operating income.....	6, 917. 96
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Income balance transferred to credit of profit and loss.....	6, 917. 96
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## Profit and loss:

## Credits—

Credit balance transferred from income.....	6, 917. 96
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## Miscellaneous credits (unexplained items)—

Charged to investment in equipment.....	\$1, 678. 80
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Charged to other accounts.....	2, 052. 83
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	3, 731. 63
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Total.....	10, 649. 59
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Debits, credit balance on Dec. 31, 1889.....	10, 649. 59
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The investment in road and equipment, including land, on date of demise was reported as \$500,000, the detail of which was not ascertainable. The balance in this account on December 31, 1889, amounted to \$51,706.47, of which \$50,027.67 represented funds advanced by Winslow, Lanier and Company for the construction of additions and betterments and for the purchase of equipment, and \$1,678.80 entered therein with a corresponding credit to profit and loss. A detail of the \$51,706.47 follows:

## Advanced by Winslow, Lanier and Company for—

Construction of Freehold extension.....	\$2, 028. 25
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Construction of additions and betterments.....	28, 890. 32
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Total.....	30, 918. 57
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Equipment.....	19, 109. 10
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Total of above items.....	50, 027. 67
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Other items debits, unexplained item entered as a debit to the credit of profit and loss.....	1, 678. 80
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Grand total.....	51, 706. 47
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## THE FREEHOLD AND NEW YORK RAILWAY COMPANY

## INTRODUCTORY

The records reviewed do not indicate that this company on date of demise was controlled by any individual or corporation, nor that it controlled any common-carrier company. The property was operated by its own organization during its entire life. On date of demise the company owned 14.2 miles of railroad, extending from Freehold to Keyport Pier, Keyport, N. J. The company acquired its property partly by purchase and partly by construction. It acquired from James P. Lowry, by deed dated 1877, the projected and partly constructed railroad formerly owned by the Monmouth County Agricultural Railroad Company. It also contracted with him to complete the road thus acquired and constructed an extension to Keyport Pier at Keyport, N. J. The road was completed and opened for operations as follows:

	Date opened	Mileage
Freehold and Matawan, N. J. ....	July 2, 1877	12.0
Matawan and Keyport, N. J. ....	August, 1880	1.7
Keyport and Keyport Pier, N. J. ....	September, 1881	0.5
Total approximate mileage owned at demise.....		14.2

## HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records reviewed do not indicate any syndicating arrangements in connection with issuance of securities. The company defaulted the payment of the interest on its mortgage bonds and was sold in foreclosure on September 25, 1888.

*Capital stock and long-term debt.*—From the date of its incorporation, June 29, 1877, to date of demise, the company issued capital stock and funded debt, as disclosed by its records, aggregating \$500,000, of which \$400,000 were outstanding on date of demise. Of the securities issued, \$200,000 was in capital stock and \$300,000 in funded debt, the latter having been retired on date of valuation.

*Capital stock.*—Capital stock in the par value of \$200,000 was issued in part payment for property acquired.

*Funded debt.*—The company issued \$100,000 par value of "Old" first-mortgage, 7 per cent bonds in part payment for property retired. These bonds were retired at par with first-mortgage bonds. The company issued "New" first-mortgage 7 per cent bonds dated July 1, 1878, in the par value of \$200,000. One-half of this amount was issued to retire the \$100,000 par value of "Old" first-mortgage, 7 per cent bonds. The remaining \$100,000 was issued to James P. Lowry in payment of claims in connection with construction contracts for right-of-way lands and for the construction of the extension. None of the latter issue had been retired on date of demise.

*Short-term notes.*—The company issued a short-term note for \$6,566 in the purchase of a locomotive. This note was retired with cash at par.

## RESULTS OF CORPORATE OPERATIONS

The results of corporate operations, as shown in the income and profit and loss accounts are as follows:

*Income statement.*—A condensed summary of the income accounts for the period July 2, 1877, to September 24, 1888, follows:

Operating income:

Railway operating revenues.....	\$450, 048. 29
Railway operating expenses.....	471, 183. 82
Net deficit from railway operations.....	<u>21, 135. 53</u>
Gross income, deficit.....	21, 135. 53
Deductions from gross income, interest on funded debt.....	<u>150, 253. 88</u>
Income balance transferred to debit of profit and loss.....	171, 389. 41

*Profit and loss statement.*—The profit and loss accounts for the period July 2, 1877, to September 4, 1888, show a debit balance as of September 24, 1888, of \$171,389.41, which was transferred from income.

#### INVESTMENT IN ROAD AND EQUIPMENT

The investment in road, including land, no equipment being owned, on date of demise is stated in the books of the company to be \$425,751.68, of which the following is a general analysis:

Road purchased, projected and partly constructed railroad formerly belonging to the Monmouth County Agricultural Railroad Company, which was purchased from James P. Lowry, following its sale under foreclosure. Capital obligations issued to James P. Lowry:

Capital stock.....	\$200, 000. 00
“Old” first-mortgage bonds.....	100, 000. 00
	<u>\$300, 000. 00</u>
Completion of road purchased and additions and betterments:	
“New” first-mortgage bonds issued to James P. Lowry.....	100, 000. 00
Indeterminable.....	19, 185. 68
	<u>119, 185. 68</u>
	419, 185. 68
Equipment, notes payable.....	<u>6, 566. 00</u>
Total.....	425, 751. 68

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

Capital stock issued, par value.....	\$200, 000. 00
Funded debt issued, par value.....	200, 000. 00
Notes payable issued.....	6, 566. 00
Indeterminable.....	19, 185. 68

#### MONMOUTH COUNTY AGRICULTURAL RAILROAD COMPANY

The accounting records of this company were not available. The records reviewed do not indicate that on date of demise, July 3, 1877, the company was controlled by any individual or corporation, nor that it controlled any common-carrier corporation. The company projected a railroad between Freehold and Matawan, N. J., about 12 miles. It acquired the right of way for the full distance 149 I. C. C.

and graded about 7 miles. Its property was then placed in the hands of a receiver who later conveyed it, together with the rights and franchises, to James P. Lowry by deeds March 17, 1876, and May 26, 1876. James P. Lowry completed the road and then conveyed it to The Freehold and New York Railway Company by deeds dated July 3, 1877

#### THE LAFAYETTE RAILROAD COMPANY

The information here given was taken from the records of the Central of New Jersey. The property of this company was controlled during its entire life by the Central of New Jersey through ownership of its entire capital stock. It controlled no common-carrier corporation. On date of demise, October 16, 1917, the company owned about 0.65 mile of road in Jersey City, N. J., from a junction of the tracks of the Central of New Jersey to the plant of the Whitlock Cordage Company. It also owned about 2.38 miles of sidings and yard tracks. All of this property was acquired by construction, a part of the road being put in operation in the year 1890. An extension was constructed and put in operation in 1892.

The company issued capital stock to the Central of New Jersey in the par value of \$61,800 in the retirement of a like amount of nonnegotiable debt. Nonnegotiable debt to affiliated companies was incurred by the receipt of \$245,979.37 construction advances from the Central of New Jersey, of which amount \$75,345.58 was repaid as follows:

Capital stock issued, par value.....		\$61, 800. 00
Proceeds from the sale of lands:		
Lands transferred to the Central of New Jersey....	\$1, 250. 00	
Other lands sold, the proceeds from which were retained by the Central of New Jersey.....	12, 240. 68	
		<u>13, 490. 68</u>
Recorded value of tracks removed, and which was applied to reduce the amount of debt due the Central of New Jersey.....		55. 90
Total.....		<u>75, 346. 58</u>

The balance outstanding on date of demise was \$170,632.79

The property was operated during the full term of its existence by and as a part of the railroad of the Central of New Jersey, and without formal operating agreement, but by virtue of the ownership of its entire capital stock. The results of its corporate operations are included in the general accounts of the Central of New Jersey and can not be specifically set forth.

The investment of the company in road, including land, no equipment being owned, on date of demise was \$232,432.79, of which the following is a general analysis:

Road constructed and additions and betterments:		
Nonnegotiable debt to affiliated companies.....		\$245, 979. 37
Less retirements—		
Proceeds from the sale of land.....	\$13, 490. 68	
Tracks removed, recorded value.....	55. 99	
		<u>13, 546. 58</u>
Total.....		<u>232, 432. 79</u>

#### THE MANUFACTURERS' EXTENSION RAILROAD COMPANY

This company was controlled during its entire life by the Central of New Jersey through ownership of all of its capital stock. It controlled no common-carrier corporation. The property was operated as a part of the railroad of the Central of New Jersey.

On date of demise, October 16, 1917, the company owned 1.23 miles of railroad extending from a connection with the Central of New Jersey near Cornelia Street in Newark, N. J., and Mape's works, which was acquired by construction, being completed and turned over to the Central of New Jersey in 1889.

The company issued capital stock to the Central of New Jersey in the par value of \$53,700 in the settlement of a like amount of nonnegotiable debt. Nonnegotiable debt to affiliated companies to the amount of \$94,109.06 was incurred by the receipt of advances for construction from the Central of New Jersey. Of this amount \$83,325 was repaid as follows:

Cash, proceeds from the sale of land.....	\$13, 225
Capital stock issued, par value.....	53, 700
Estimated value of lands reclassified or withdrawn from railroad uses and transferred to the Central of New Jersey.....	16, 400
	83, 325

The remainder of \$10,784.06 was outstanding at demise.

The property of the company was operated during its existence by and as a part of the railroad of the Central of New Jersey, which controlled it by virtue of the ownership of its entire outstanding capital stock. The results of its operations are included in the general accounts of the operating company, and can not be specifically set forth.

The investment in road, including land, no equipment being owned, on date of demise was stated in its books as \$64,484.06, of which the following is a general analysis:

Road constructed and additions and betterments:

Nonnegotiable debt to affiliated companies.....	\$94, 109. 06
Less retirements—	
Proceeds from the sale of land.....	\$13, 225
Estimated value of other lands reclassified or with- drawn from railroad purposes, and transferred to the Central of New Jersey.....	16, 400
	29, 625. 00
	64, 484. 06

#### THE MIDDLE BROOK RAILROAD COMPANY

On date of demise, October 16, 1917, this company was controlled by the Central of New Jersey through ownership of its entire outstanding capital stock. It controlled no common-carrier corporation. The property of the company was operated during its entire life as a part of the Central of New Jersey system. On date of demise it owned 1.95 miles of standard-gauge railroad between Bound Brook and Chimney Rock Quarry, N. J., which was acquired by construction, being completed and placed in operation in 1900.

The company issued capital stock to the Central of New Jersey in the par value of \$4,000 in the retirement of a like amount of nonnegotiable debt. Nonnegotiable debt to affiliated companies was incurred by the receipt of \$26,909.96 construction advances from the Central of New Jersey, of which \$4,000 was repaid by the issue of a like amount of capital stock, leaving \$22,909.96 outstanding on date of demise.

The property was operated during the period of its existence by the Central of New Jersey without formal agreement. The results of the corporate operations are included in the general accounts of the latter, and can not therefore be specifically stated.

The investment in road, including land, no equipment being owned, on date of demise was stated in its books as \$26,909.96, which represented the amount of construction advances received from the Central of New Jersey.



## THE MIDDLE VALLEY RAILROAD COMPANY

This company was controlled during its life by the Central of New Jersey through ownership of its entire capital stock. It controlled no common-carrier corporation.

The property was operated as a part of the railroad of the latter company. On date of demise, October 16, 1917, the company owned 1.338 miles of road extending from a connection with the Central of New Jersey at Middle Valley, N. J., to a stone quarry, which was acquired by construction, being completed and turned over to the operating company in 1897.

Although the company was merged into the Central of New Jersey as of October 16, 1917, no entries had been made in the available accounting records of the company since June 30, 1903. The company issued capital stock to the Central of New Jersey in the par value of \$9,900 in the retirement of a like amount of nonnegotiable debt. Nonnegotiable debt to affiliated companies was incurred by the receipt of \$10,548.26 construction advances from the Central of New Jersey, of which \$9,900 was repaid by the issue of a like amount of capital stock and \$648.26 was outstanding.

The property was operated during the period of its existence by the Central of New Jersey without formal operating agreement. The results of corporate operations are included in the general accounts of the latter, and can not therefore be specifically set forth.

The investment of the company in road, including land, no equipment being owned, on date of demise was stated in its books as \$10,548.26, which amount represented the recorded money outlay by the Central of New Jersey for the construction of and additions and betterments to the road.

## NAVESINK RAILROAD COMPANY

This company was controlled during its entire life by the Central of New Jersey through ownership of all of its capital stock. It controlled no common-carrier corporation. Its property was operated as a part of the railroad of the operating company.

On date of demise, October 16, 1917, the company owned 4.63 miles of railroad extending from Atlantic Highland Pier to Highland Beach station, N. J., with a spur connecting its road with the railroad then owned by The Freehold and Atlantic Highlands Railroad Company. Of the above mileage 4.01 miles was laid with second track. All of the above property was acquired by construction, being completed and turned over to the Central of New Jersey for operation in 1892.

The company issued capital stock to the Central of New Jersey in the par value of \$701,900 in the retirement of a like amount of nonnegotiable debt. Nonnegotiable debt to affiliated companies was incurred by the receipt of \$926,708.72 construction advances from the Central of New Jersey, of which \$724,512.06 was repaid as follows:

Capital stock issued, par value.....		\$701, 900. 00
Cash:		
Proceeds from the sale of property.....	\$565. 00	
Other cash.....	111. 35	
		676. 35
Recorded values of lands reclassified or lands withdrawn from rail- road uses which were transferred to the Central of New Jersey---		16, 450. 00
Recorded value of other property retired.....		5, 485. 71
Total.....		724, 512. 06

The balance of \$202,196.66 was outstanding at demise.

The property of the company was operated during its entire existence by the Central of New Jersey without formal operating agreement. The results of its corporate operations are included in the general accounts of the latter company and can not therefore be specifically set forth.

The investment in road, including land, no equipment being owned, on date of demise was stated in its books as \$904,096.66, of which the following is a general analysis:

Construction, additions and betterments, nonnegotiable debt to affiliated companies incurred.....		\$926, 597. 37
Less retirements:		
Proceeds from the sale of land—		
Lands transferred to the Central of New Jersey.....	\$16, 450	
Other lands sold.....	565	
	<u>          </u>	\$17, 015. 00
Recorded value of other road property retired....	5, 485. 71	
	<u>          </u>	22, 500. 71
Net total.....		<u>904, 096. 66</u>

#### THE NEW JERSEY SOUTHERN RAILWAY COMPANY

##### INTRODUCTORY

The records of this company do not disclose that on date of demise it was controlled by any individual or corporation, nor that it controlled any common-carrier corporation. The property was operated by its own organization until December 15, 1888, when it was conveyed to the Central of New Jersey and operated therefor as a part of that system. On date of demise the company owned approximately 75.50 miles of road, extending from Port Monmouth to Atco, and from Long Branch to Horse Shoe Cove, N. J.

Although the property was conveyed to the Central of New Jersey by deed dated December 15, 1888, its accounting records were continued to date of valuation, and it maintained its corporate entity until October 16, 1917, when the property was merged into that of the Central of New Jersey.

Although the available accounting records are for the period from March 16, 1885, to date of valuation, certain items therein are clearly applicable to the period prior to the first-named date. Following the conveyance of the property to the Central of New Jersey, the accounts were rewritten as of December 31, 1888, and transferred to a record of the Central of New Jersey, described as "Proprietary companies merger." No entries were made in these records to show the results of corporate operations, and they may be otherwise incomplete.

##### DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The railroad was acquired by purchase from the New Jersey Southern Railroad Company and the Long Branch and Sea Shore Railroad Company. A detail of the road mileage acquired, sold, abandoned, and owned at date of demise is shown in the following tabulation:

Road acquired:		
New Jersey Southern Railroad Company—		Mileage
Port Monmouth to Atsion.....	64. 00	
Eatontown to Long Branch.....	5. 00	
Lakehurst to Toms River.....	7. 50	
Atsion to Atco.....	9. 30	
	<u>          </u>	85. 80
Long Branch and Sea Shore Railroad Company, Long Branch and Horse Shoe Cove.....		<u>10. 50</u>
Approximate mileage of road acquired.....		<u>96. 30</u>

Road sold and abandoned:	Mileage
The part of the road extending from Lakehurst to Toms River and known as the Toms River Branch was sold under mortgage foreclosure July 16, 1881, and on Aug. 29, 1881, it was conveyed to the Toms River Railroad Company-----	7. 50
The part of the road north of Highland Beach station on Sandy Hook was sold to the United States Government in the year 1892-----	4. 00
A major part of the road extending from Atsion to Atco was abandoned during the year 1894-----	9. 30
	20. 80
Approximate mileage of road owned at demise-----	75. 50

## HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records reviewed do not indicate any syndicating arrangements in connection with issuance of securities.

*Capital stock and long-term debt.*—From the date of its incorporation, July 30, 1879, to date of demise, the company issued, assumed, and incurred capital obligations as disclosed by its records aggregating \$7,510,383, of which \$4,951,428.35 were outstanding at demise, as summarized in the following table:

Classification	Issued, assumed, or incurred	Outstanding
Capital stock:		
Common-----	\$1,000,000.00	\$1,000,000.00
Preferred-----	1,590,600.00	1,590,600.00
Stock liability for conversion-----	700.00	-----
Total-----	2,591,300.00	2,590,600.00
Funded debt:		
Issued-----	1,572,600.00	-----
Assumed-----	213,497.40	-----
Total-----	1,786,097.40	-----
Nonnegotiable debt to affiliated companies-----	3,132,985.60	2,360,828.35
Grand total-----	7,510,383.00	4,951,428.35

*Capital stock.*—The company issued capital stock and assumed liability for the conversion of the capital stock of a predecessor company. The particulars with respect thereto follow. The company issued capital stock in the par value of \$2,590,600, of which \$1,000,000 was common stock and \$1,590,600 preferred stock. The par value of \$2,590,600 was nominally but not actually issued and was held by or for the company at the time its property was conveyed to the Central of New Jersey. At the time of rewriting the accounts as of December 31, 1888, a liability for this amount of capital stock was stated, and concurrently the investment in road and equipment accounts were correspondingly increased, \$2,589,600 being charged direct and \$1,000 being a part of the items described in the road and equipment account as capital stock of the Long Branch and Sea Shore. In the acquisition of the property of the Long Branch and Sea Shore, the company records as a part of the payment therefor a liability to convert \$700 par value of capital stock. At the time of rewriting the accounts this liability was transferred to the Central of New Jersey and the nonnegotiable debt of the company was correspondingly increased.

*Funded debt.*—The company issued and assumed funded debt in exchange for the considerations stated below. At the time of rewriting the accounts, the liability for the securities was transferred to the Central of New Jersey, and the nonnegotiable debt of the company was correspondingly increased.

Par value	Consideration	Recorded amount
<i>Issued or assumed</i> \$1,352,297.40 151,200.00 282,600.00	Property acquired, part payment ..... Nonnegotiable debt retired ..... Issued to individuals without recorded consideration.....	\$1,352,297.40 151,200.00
	Total considerations ..... Issued to Messrs. Gould, De Forest, and Weeks without recorded considerations.....	1,503,497.40 282,600.00
1,786,097.40		1,786,097.40
<i>Transferred</i> \$1,786,097.40	Transferred to the Central of New Jersey at the time of rewriting the accounts and nonnegotiable debt correspondingly increased.....	1,786,097.40

*Nonnegotiable debt to affiliated companies.*—Nonnegotiable debt to affiliated companies aggregating \$3,139,185.60 was incurred by the receipt of advances from the Central of New Jersey, and for transactions negotiated by that carrier on behalf of the company, as summarized below:

Debt incurred:

Liabilities of the company and its operating trustees paid by the Central of New Jersey.....	\$165,723.67
Additions and betterments made by the Central of New Jersey.....	994,922.03
Capital stock of the Long Branch and Sea Shore purchased by the Central of New Jersey for the New Jersey Southern Railway—	
\$15,500, par value purchased in 1885 for.....	\$15,215.00
Apparently owned by the Central of New Jersey but not stated as an asset in its accounts.....	177,400.00
Held by others or unaccounted for.....	700.00
Total.....	193,315.00
Less amount retained by the Central of New Jersey.....	1,000.00
	192,315.00
Discount on bonds.....	127.50
Funded debt transferred to the Central of New Jersey at the time of rewriting the accounts—	
First-mortgage bonds.....	1,572,600.00
Long Branch and Sea Shore first-mortgage bonds.....	200,000.00
New Jersey Southern Railroad first-mortgage bonds.....	3,440.60
New Jersey Southern Railroad's unguaranteed bonds and scrip.....	10,056.80
	1,786,097.40
Total.....	3,139,185.60

## Debt repaid or written off:

First-mortgage bonds issued, par value.....		\$151, 200. 00
Current and other assets taken over by the Central of New Jersey—		
Cash.....	\$40, 000. 00	
Interest and rentals receivable.....	30, 233. 33	
Investment securities, proceeds from sale of.....	13, 138. 25	
Materials and supplies.....	14, 297. 44	
Insurance and water rent paid in advance	505. 69	
		<u>98, 174. 71</u>
Cash donated by the Lakewood Hotel Company towards a new station.....		5, 000. 00
Proceeds from the sale of equipment to the Central of New Jersey.....		329, 289. 53
Proceeds from the sale of other property.....		65, 816. 05
Recorded value of still other property retired which was applied as a reduction of this debt.....		<u>138, 916. 83</u>
Total.....		788, 397. 12
Less the excess of payments made and other items applied as a reduction of this debt over the amount payable as of Dec. 31, 1888, which disappeared at the time of rewriting the accounts.....		<u>10, 039. 87</u>
Net total.....		<u>778, 357. 25</u>
Balance outstanding at demise.....		<u>2, 360, 828. 35</u>

## RESULTS OF CORPORATE OPERATIONS

The results of corporate operations can not be stated, as no entries were made in the records as rewritten to show results of operations, and they may be otherwise incomplete.

## INVESTMENT IN ROAD AND EQUIPMENT

The investment in road, including land, no equipment being owned, on date of demise is stated in the books of the company as \$4,951,428.35, of which the following is a general analysis:

## Road and equipment acquired and additions and betterments:

Funded debt issued, par value.....	\$1, 138, 800. 00	
Funded debt assumed, recorded value.....	213, 497. 40	
Nonnegotiable debt to affiliated companies..	932, 346. 98	
Stock liability for conversion.....	700. 00	
Investment securities acquired through non- negotiable debt incurred, written off, book value.....	15, 215. 00	
		<u>\$2, 300, 559. 38</u>

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Less—

Retirements of road—		
Proceeds from the sale of about 4 miles of road on Sandy Hook to the United States Govern- ment.....	\$26, 675. 97	
Proceeds from sale of lands..	38, 915. 08	
Recorded value of about 9.3 miles of road aban- doned.....	81, 000. 00	
Recorded value of other road property retired..._	53, 835. 45	
		\$200, 426. 50
Retirement of equipment, recorded value of equipment sold to the Central of New Jersey.....		329, 289. 53
		<u>\$529, 716. 03</u>
Net total of above items.....		1, 770, 843. 35
Other items, debits, items which in effect write up the investment in property in excess of its cost to the company and entered for the pur- pose of increasing this account to an amount equalling the par value of its authorized and assumed capital obligations:		
Capital stock of the company, nominally issued and held for or by the company, transferred to this account at the time of rewriting the accounts.....		2, 589, 600. 00
Funded debt issued to the Central of New Jersey in repayment of nonnegotiable debt.....		151, 200. 00
Funded debt issued to individuals for which no consideration was recorded.....		282, 600. 00
Excess of the authorized par value of stock of the Long Branch and Sea Shore over the book value of the shares owned by the New Jersey Southern and the par value of the shares unaccounted for— Total amount accounted..	\$178, 100. 00	
Less book value of shares held by the company and par value of shares unaccounted for.....	15, 915. 00	
		<u>162, 185. 00</u>
Total debits.....		3, 185, 585. 00
Debits, amount donated by the Lakewood Hotel Company in aid of the construction of a new passenger station at Lakewood.....		5, 000. 00
Net debit.....		<u>3, 180, 585. 00</u>
Grand total.....		<u>4, 951, 428. 35</u>

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The "other items" separately noted in the foregoing tabulation are not in accord with the present classification of accounts. At the time of rewriting the accounts of the company certain items then in the investment in road and equipment accounts were omitted in the restated accounts. A detail of such items follows:

<i>Liabilities of the company and its operating trustees paid by the</i>	
Central of New Jersey.....	\$165, 723. 67
Recorded money outlay by the Central of New Jersey for additions and betterments to road and equipment.....	62, 575. 05
<b>Total.....</b>	<b>228, 298. 72</b>
<b>Less—</b>	
Current and other assets of the company and its operating trustees, in addition to road and equipment, taken over by the Central of New Jersey.....	98, 174. 71
Proceeds from the sale of land.....	225. 00
Recorded value of equipment retired—	
Proceeds from the sale of equipment.....	\$425. 00
Recorded value of salvage recovered from equipment demolished.....	1, 036. 38
Recorded value of other equipment retired....	2, 620. 00
	<u>4, 081. 38</u>
<b>Total.....</b>	<b>102, 481. 09</b>
<b>Net total.....</b>	<b>125, 817. 63</b>

If the debit items described under "other items" were eliminated from the investment in road and equipment accounts and the credit items thereunder restored, and the accounts further increased by \$125,817.63 for the purpose of restoring the debit and credit items omitted in the restatement of the accounts, the balance therein would be decreased to \$1,896,660.98. This balance, so far as it is resolvable into its component elements, would comprise the following:

Funded debt issued, par value.....	\$1, 138, 800. 00
Funded debt assumed, recorded value.....	213, 497. 40
Stock liability for conversion assumed, par value.....	700. 00
Nonnegotiable debt to affiliated companies.....	1. 160, 645. 70
Cancellation of investment securities acquired through nonne- gotiable debt to affiliated companies, book value.....	<u>15, 215. 00</u>

Less deductions unassignable specifically to any one or more of the above-cited classes of outlay:

Current and other assets of the company and its operating trustees taken over by the Central of New Jersey—	
Cash.....	\$40, 000. 00
Interest and rental receivable.....	30, 233. 33
Material and supplies.....	14, 297. 44
Investment securities, proceeds from the sale of.....	13, 138. 25
Insurance and water rent paid in advance.....	<u>505. 69</u>
	98, 174. 71

Retirements of road and equipment as hereinbefore detailed..	534, 022. 41
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## THE NEW JERSEY SOUTHERN RAILROAD COMPANY

## INTRODUCTORY

The records reviewed do not indicate that on date of demise July 15, 1879, this company was controlled by any individual or corporation, nor, on the other hand, that it controlled any common-carrier corporations. The property of the company was operated by its own organization from the date of its incorporation to December 31, 1873. On January 1, 1874, the trustees of the first-mortgage bonds took over the property and operated it until January 13, 1874, when operations were suspended on account of a strike of employees. Operations were resumed on February 18, 1874, under the jurisdiction of a receiver, and on May 1, 1874, the possession of the property was restored to the trustees of the first-mortgage bonds, who continued to operate it until July 15, 1879.

On date of demise the company owned a single-track, standard-gauge railroad, extending from Port Monmouth to Atsion, with branch roads to Long Branch, Toms River, and Atco (formerly Jackson), a total of 85.8 miles, all within the State of New Jersey. This property comprised the railroad formerly owned by the Raritan and Delaware Bay Railroad Company (1869), described as follows:

	Mileage
Port Monmouth to Atsion.....	64. 0
Eatontown to Long Branch.....	5. 0
Lakehurst to Toms River.....	7. 5
Atsion to Atco.....	9. 3
Total.....	85. 8

The accounting records of the company include certain items clearly applicable to the period prior to its incorporation, February 16, 1870. However, the items actually applicable to that period can not be accurately set forth. Doubtless they reflect the transactions of the Raritan and Delaware Bay.

## DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The railroad of the company was acquired at foreclosure sale. Of the total mileage owned on date of demise, 9.30 miles was constructed under the charter of the Camden and Atlantic Railroad Company and 76.50 miles under contract by the Raritan and Delaware Bay.

## HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records reviewed do not indicate any syndicating arrangements in connection with issuance of securities.

*Capital stock and long-term debt.*—From the date of its incorporation, February 16, 1870, to date of demise, the company issued and assumed capital obligations, as disclosed by its records, aggregating \$8,033,000, of which \$7,033,000 were outstanding on date of demise, as summarized in the following table:

Classification	Issued or assumed	Retired	Outstanding
Capital stock.....	\$5, 000, 000	\$1, 000, 000	\$4, 000, 000
First-mortgage bonds.....	2, 000, 000	-----	2, 000, 000
Income bonds.....	762, 000	-----	762, 000
Consolidated mortgage bonds.....	151, 000	-----	151, 000
Toms River bonds.....	120, 000	-----	120, 000
Total.....	8, 033, 000	1, 000, 000	7, 033, 000



The recorded considerations received for the \$8,033,000 of securities issued and assumed were as follows:

Par value	Consideration	Recorded value
<i>Issued or assumed</i>		
\$1,105,954 79	Cash.....	\$890,261.57
6,670,000 00	Construction of property.....	6,670,000 00
237 045 21	Notes payable, retired.....	176,488.43
20,000 00	Issued for services and charged to operating expenses.....	20,000 00
8,033,000 00	Total.....	7,756,750 00

The discount of \$276,250 sustained was charged in the accounts to investment in road and equipment.

*Short-term notes.*—The company issued short-term notes for temporary financing amounting to \$4,175,360.23, of which \$941,893.56 were renewals of due notes. Of the balance of \$3,233,466.67, a total of \$2,275,902.30 were retired, leaving \$957,564.37 outstanding on date of demise. The considerations received in the issues and given in the retirements were as follows:

Par value	Consideration	Recorded value
<i>Issued or assumed</i>		
\$2,655,731 63	Cash.....	\$2,008,378.26
14,906 34	Advanced to the Pemberton and New York Railroad Company	
202,443 66	Issued in the acquisition of an unknown number of shares of capital stock of the Long Branch and Sea Shore Railroad Company and charged to investment in road and equipment	
359,354 24	Issued for right-of-way lands, equipment, and materials, and charged in the accounts to investment in road and equipment	
1,030 80	Issued in payment of interest	
	Funded debt issued, recorded value, income bonds dated Mar 1, 1871	
	\$137,045 21 par value, at 85.....	\$116,488 43
	\$100,000 par value, at 60.....	60,000 00
	Sale of steamer "Long Branch".....	176,488 43
	Indeterminable.....	25,589 72
3,233,466 67		65,445 89
		2,275,902 30

#### RESULTS OF CORPORATE OPERATIONS

The results of corporate operations of the company can not be specifically stated. Its general accounts include the results of operations of its predecessor, the Raritan and Delaware Bay (1869), as well as those of certain leased and controlled companies, viz, The Long Branch and Sea Shore Railroad Company, The Pemberton and New York Railroad Company, The Vineland Railway Company, and perhaps others.

*Income statement.*—The combined results of the operations of these properties for the periods from September 14, 1869, to December 31, 1873, and from January 1, 1874, to June 30, 1879, follow:

	Sept. 14, 1869, to Dec. 31, 1873	Jan. 1, 1874, to June 30, 1879
<b>Income:</b>		
<b>Operating income—</b>		
Railway operating revenues.....	\$2,140,890.15	\$2,161,013.02
Railway operating expenses.....	1,860,279.59	1,799,792.00
Net revenue from railway operation.....	280,610.56	361,220.42
Total operating income.....	280,610.56	361,220.42
<b>Nonoperating income—</b>		
Hire of equipment.....		16,970.67
Miscellaneous income.....		54,692.87
Total.....		71,663.54
Gross income.....	280,610.56	432,883.96
Deductions from gross income, interest on funded debt.....	290,447.52	98,367.50
Total.....	290,447.52	98,367.50
Net income.....		334,516.46
Net loss.....	9,836.96	
Income balance transferred to the debit and credit of profit and loss.....	9,836.96	334,516.46
	¹ Debit.	² Credit.

*Profit and loss statement.*—A condensed summary of the profit and loss accounts for the periods from September 14, 1869, to December 31, 1873, and from January 1, 1874, to June 30, 1879, follows:

## Credits:

Credit balance transferred from income.....	\$324,679.50
Miscellaneous credits, inventory of fuel and materials as of Jan. 1, 1874, credited to this account in the creation of the materials and supplies accounts.....	34,642.53
Debit balance July 15, 1879.....	390,061.26
Total.....	<u>749,383.29</u>

## Debits:

Delayed income debits—	
Railway operating expenses.....	\$39,827.85
Interest on funded debt.....	655,086.58
	<u>744,914.43</u>
Miscellaneous debits.....	4,468.86
Total.....	<u>749,383.29</u>

## INVESTMENT IN ROAD AND EQUIPMENT

The investment in road and equipment, including land, on date of demise, as stated in the books of the company, including the recorded expenditures made by the operating trustees, amounted to \$7,168,082.78, of which the following is a general analysis:

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## Road and equipment acquired:

Property formerly owned by the Raritan and Delaware Bay—		
Capital stock issued, par value.....	\$4, 000, 000. 00	
Funded debt issued and assumed par value.....	1, 670, 000. 00	\$5, 670, 000. 00
“Purchase-Long Branch & Sea Shore Railroad”—		
Cash.....	42, 805. 20	
Notes payable issued.....	202, 443. 66	245, 248. 86
Additions and betterments:		
Road—		
Recorded money outlay.....	312, 074. 74	
Notes payable issued.....	23, 148. 77	335, 223. 51
Equipment—		
Capital stock issued, par value.....	1, 000, 000. 00	
Recorded money outlay.....	427, 160. 65	
Notes payable issued.....	336, 205. 47	1, 763, 366. 12
Total.....		8, 013, 838. 49
Less retirements:		
Proceeds from the sale of second hand materials.....	27, 308. 21	
Proceeds from the sale of Horse Shoe Dock property to the Long Branch and Sea Shore.....	11, 140. 50	
Recorded value of other road property retired.....	2, 557. 78	
Insurance recovered on equipment destroyed by fire.....	1, 500. 00	
Proceeds from the sale of steamers “Plymouth Rock,” “Jesse Hoyt” and “Fall River” and other property.....	1, 064, 699. 22	1, 107, 205. 71
Net total.....		6, 906, 632. 78
Other items:		
Debits—		
Discount sustained in the issue of funded debt.....	276, 250. 00	
Amount paid for the “license” to use car bridge.....	200. 00	
Total.....	276, 450. 00	
Credits, proceeds from the sale of the lease to Pier 32.....	15, 000. 00	
Net debit.....		261, 450. 00
Grand total.....		7, 168, 082. 78

The “other items” separately noted above are not in accord with the present classification of accounts. If the debit items thereunder described were eliminated

from the investment in road and equipment accounts and the credit items restored to those accounts, and the accounts be further adjusted by \$245,248.86 to exclude the "Purchase-Long Branch and Sea Shore Railroad," in which no physical property was acquired, the balance would be decreased to \$6,661,383.92. This balance, so far as it is resolvable into its component elements, would comprise the following:

Recorded money outlay.....		\$739, 235. 39
Capital stock issued, par value:		
Capital stock issued for road and equip-		
ment.....	\$5, 000, 000. 00	
Less capital stock reacquired by the sale		
of equipment.....	<u>1, 000, 000. 00</u>	
		4, 000, 000. 00
Funded debt issued and assumed, par value.....		1, 670, 000. 00
Notes payable issued.....		<u>359, 554. 24</u>
Less other deductions unassignable specifically to any one or more of the above-cited classes of outlay and representing the excess of the recorded value of property retired over the \$1,000,000 assigned as stock reacquired through the sale of equipment.....		107, 205. 71

## INVESTMENT IN OTHER COMPANIES

On July 15, 1879, the balance in the investment in other companies account of the company amounted to \$593,337.71, detailed as follows:

Investments in affiliated companies:	Book value
Stock, Smyrna and Delaware Bay Railroad (\$290,000 par value).....	<u>\$290, 000. 00</u>
Advances—	
Kent County Railroad.....	89, 190. 54
Long Branch and Sea Shore.....	135, 908. 08
Smyrna and Delaware Bay Railroad.....	32, 418. 98
Vineland Railway.....	<u>42, 205. 07</u>
Total advances.....	<u>299, 722. 67</u>
Total of above.....	589, 722. 67
Other investments, miscellaneous.....	<u>3, 615. 04</u>
Grand total.....	593, 337. 71

In addition to the investments stated in the foregoing tabulation, the company maintained an account styled "Purchase-Long Branch and Sea Shore Railroad." The balance in that account at July 15, 1879, was \$245,248.86. This amount represented the cost to the company to acquire an undetermined number of shares of stock of the Long Branch and Sea Shore and the payments of money to certain individuals. This account is hereinbefore discussed in connection with the investment in road and equipment accounts

## LONG BRANCH AND SEA SHORE RAILROAD COMPANY

There are no available accounting records. The information here submitted was taken from the published reports of the State of New Jersey and from the returns of the Central of New Jersey covering corporate history. The records

reviewed do not indicate that on date of demise this company was controlled by any individual or corporation, nor that it controlled any common-carrier corporation.

The property of the company was operated by its own organization from the date of acquisition to December 31, 1869. In 1870 it leased its property to the New Jersey Southern Railroad Company by which it was operated until date of demise, July 15, 1879.

On date of demise the company owned approximately 10.5 miles of railroad extending from Long Branch to Horse Shoe Cove, N. J. All of its road was acquired by construction. About 8 miles of road was constructed in 1865, the remaining 2.5 miles being built in 1870.

The reported capital obligations issued prior to and outstanding on December 31, 1873, the date of the last report pertaining to the finances of the company, were as follows:

	Issued prior to Dec. 31, 1873	Outstanding Dec. 31, 1873
Capital stock.....	\$178, 232. 00	\$171, 800. 00
First-mortgage 7 per cent bonds.....	200, 000. 00	200, 000. 00
	378, 232. 00	371, 800. 00

Other liabilities in the form of "floating debt" were incurred and discharged prior to December 31, 1873. The considerations received in the issue of securities or floating debt or paid in the retirement thereof could not be ascertained.

The property of the company was operated by its own organization from the date of completion to December 31, 1869. In 1870 it leased its property to the New Jersey Southern Railroad Company, by which it was operated until July 25, 1879. The available information with respect to the results of its corporate operations pertains to the 4-year period from January 1, 1866, to December 31, 1869, and is as follows: Receipts from passenger, freight, and other sources, \$237,576.46; expenses for working the road, including repairs, maintenance of way, and contingencies, \$195,998.42. The reported cost of road and equipment on December 31, 1873, was \$398,863.38, the details of which could not be ascertained.

#### RARITAN AND DELAWARE BAY RAILROAD COMPANY (1869)

There are no available accounting records of this company. The information here submitted was taken from the returns made by the Central of New Jersey in respect to corporate history. The records reviewed do not indicate that the company on date of demise was controlled by any individual or corporation, nor that it controlled any common-carrier corporations.

On the date of its demise, February 16, 1870, the company owned about 85.8 miles of railroad extending from Port Monmouth Pier to Atsion, including branch roads to Long Branch, Toms River, and Atco (formerly Jackson). The property was acquired as follows:

Road formerly owned by The Raritan and Delaware Bay Railroad Company:

	Mileage
Port Monmouth Pier to Atsion.....	64. 00
Eatontown to Long Branch.....	5. 00
Lakehurst to Toms River.....	7. 50
	76. 50

Road constructed under the charter of the Camden and Atlantic Railroad Company and acquired by deed dated Sept. 14, 1869, from William A. and Samuel W. Torrey and the Camden and Atlantic Railroad Company, between Atsion and Atco.....

Total.....	85. 80
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The property was operated during the entire period of its existence by William S. Sneden & Company, who were the lessees of the company. Certain transactions pertaining to the results of its corporate operations were identified in the records of the New Jersey Southern but can not be accurately allocated.

#### THE RARITAN AND DELAWARE BAY RAILROAD COMPANY

There are no available accounting records. The information here submitted was taken from the returns made with respect to corporate history by the Central of New Jersey and from the published reports of the State of New Jersey.

The records reviewed do not indicate that this company on date of demise was controlled by any individual or corporation, nor that it controlled any common-carrier corporations. In its report on corporate history, the Central of New Jersey stated that the property of the company was operated by the contractors, S. W. and W. A. Torrey, from December 10, 1859, to June 1, 1863, after which date, and until December 31, 1866, it was operated by its own organization. From January 1, 1867, to date of demise, it was operated by William S. Sneden & Company, as lessees.

On date of demise, September 14, 1869, the company owned about 64 miles of main line between Port Monmouth Pier and Atsion, N. J., with branch lines from Eatontown to Long Branch and Lakehurst to Toms River, N. J., about 12.5 miles in length. The railroad was acquired by construction. A part of the road was put in operation by the contractors, S. W. and W. A. Torrey, on December 10, 1859, and was completed in sections as follows:

Date	Mileage
Port Monmouth Pier and Lakewood (formerly Bergen Iron Works), 1860.....	26.00
Eatontown and Long Branch, 1860.....	5.00
Lakewood and Atsion, 1862.....	38.00
Lakehurst, N. J., and Toms River, 1866.....	7.50
Total.....	76.50

The published reports of the State of New Jersey show that the company issued capital liabilities to the amount of \$4,527,872.01, of which \$4,195,200 was outstanding on September 14, 1869. A description of the securities follows:

	Issued	Outstanding
Stock, capital stock.....	\$2,530,700.00	\$2,530,700.00
Funded debt:		
First-mortgage 7 per cent bonds, due 1888.....	1,000,000.00	1,000,000.00
Second-mortgage 7 per cent bonds, due 1888.....	250,000.00	250,000.00
Equipment (convertible) 7 per cent bonds, due 1876.....	296,000.00	296,000.00
Toms River Branch, 7 per cent bonds.....	118,500.00	118,500.00
Convertible bonds.....	140,000.00	-----
Bonds "November 1863".....	192,672.01	-----
Total.....	4,527,872.01	4,195,200.00

"Other debts and obligations" to the amount of \$1,226,390.36 were also outstanding on date of demise. The considerations received in the issue of the securities or for the "Other debts and obligations" incurred could not be obtained.

The reported receipts and disbursements for the period from November 1, 1862, to December 31, 1866, and from January 1, 1867, to September 14, 1869, follow:

	Nov. 1, 1862, to Dec. 31, 1866	Jan. 1, 1867, to Sept. 14, 1869
Receipts, from passengers, freights, mails, and other sources.....	\$1,011,845.52	\$809,722.78
Disbursements:		
Maintenance of way and structures.....	95,084.43	-----
Repairs of machinery.....	128,731.56	-----
Operating and general expenses.....	711,707.83	-----
Office and incidental expenses.....	160,332.75	-----
"Total expenses of operating, including repairs, maintenance of way, motive power, taxes, and contingencies, including also payments for construction and lien".....		\$26,829.65
Total.....	1,095,905.57	\$26,829.65

The reported "cost of road and equipment" on date of demise was \$4,098,592.45, the detail of which could not be ascertained.

### NEW JERSEY TERMINAL RAILROAD COMPANY

#### INTRODUCTORY

The original accounting records were discontinued as of June 30, 1905. New accounts were opened in the records of the Central of New Jersey described as "Proprietary Company's Ledger" and these records were continued until date of valuation. No entries were made after June 30, 1915, with respect to results of corporate operations. On date of demise, October 16, 1917, the company was controlled by the Central of New Jersey through ownership of its outstanding capital stock and funded debt. The records do not indicate that the company controlled any common-carrier corporation. The company was operated by its own organization until August 1, 1905. Since that date it has been operated by the Central of New Jersey as a part of its railroad.

On date of demise the company owned 5.61 miles of railroad extending from Reformatory to Williams and Clark station, N. J., with a branch line from Chrome to Port Reading, N. J., about 0.60 mile, which was acquired by construction under contract and was opened for operation in 1902. On the date of incorporation, it became a party to a contract with the Carteret Construction Company, which had been incorporated on October 16, 1901, the contracting company agreeing to procure the necessary right of way, terminal, and other lands, and to construct and equip for operation about 7.24 miles of road.

#### HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records of the company do not disclose any syndicating arrangements in connection with issuance of securities. Under the contract of October 17, 1901, the company was obligated to deliver to the Jersey Construction Company, upon the commencement of the work, \$250,000 par value of its first-mortgage bonds, and also to deliver, as earned by the progress of construction, \$482,000 par value of capital stock.

*Capital stock and long-term debt.*—From the date of incorporation, October 17, 1901, to date of demise, the company issued capital stock and funded debt and incurred nonnegotiable debt to affiliated companies, as disclosed by its records, aggregating \$765,161.47, of which amount \$753,193.84 was outstanding on date of demise. Of the securities issued, \$500,000 was in capital stock, \$250,000 in funded debt, and \$15,161.47 in nonnegotiable debt to affiliated companies. Of the latter, \$11,967.63 had been retired.

*Capital stock.*—A par value of \$500,000 was issued of which \$18,000 was for a like amount of cash and \$482,000 was delivered to the Carteret Construction Company under the terms of the agreement, and is charged in the account to investment in road and equipment.

*Funded debt.*—A par value of \$250,000 of first-mortgage 30-year 5 per cent bonds, due October 1, 1931, was issued to the Carteret Construction Company under the terms of the agreements and charged in the accounts to investment in road and equipment. The Carteret Construction Company failed to complete certain work in accordance with the contract specifications; in the settlement of the nonperformance of its obligations, \$5,000 par value of these securities were returned to the company. It also reacquired \$15,000 par value of these bonds through the sale of land. The \$20,000 so reacquired was again issued as the consideration for land purchased. The total issue, namely, \$250,000 par value, is charged in the accounts to investment in road and equipment.

*Nonnegotiable debt.*—Since July 1, 1905, the company incurred nonnegotiable debt to affiliated companies by the receipt of advances from the Central of New Jersey for additions and betterments to the property, to the amount of \$15,161.47. Of this debt \$10,067.63 was repaid by the sale of materials and equipment to the latter company, and by applying the proceeds from the sale of land it was further reduced by \$1,900, the recorded value of property removed. The balance of \$3,193.84 was outstanding on date of demise.

## RESULTS OF CORPORATE OPERATIONS

The results of corporate operations since August 1, 1905, are included in the general accounts of the Central of New Jersey and can not be specifically set forth.

*Income statement.*—A condensed summary of the income accounts for the period from August 25, 1902, to June 30, 1905, follows

## Operating income:

Railway operating revenues	\$39,451.68
Railway operating expenses	37,692.95
Net revenue from railway operations	1,758.73
Total operating income	1,758.73

## Nonoperating income:

Miscellaneous rent income	202.68
Income from unfunded securities and accounts	788.90
Total nonoperating income	991.58
Gross income	2,750.31

## Deductions from gross income:

Interest on funded debt	1,555.00
Interest on unfunded debt	96.24
Total deductions from gross income	1,651.24
Net income	1,099.07
Income balance transferred to credit of profit and loss	1,099.07

The profit and loss statement following includes the adjustments of the accounts subsequent to June 30, 1905, in addition to the net income for the period prior thereto.



*Profit and loss statement.*—A condensed summary of the profit and loss account for the period from August 25, 1902, to June 30, 1905, follows:

## Credits:

Credit balance transferred from income.....	\$1, 099. 07
Miscellaneous credits, loans, and bills payable outstanding at June 30, 1905, transferred to this account.....	600. 00
Debit balance as of date of valuation.....	8, 242. 02
<b>Total.....</b>	<b>9, 941. 09</b>

## Debits, miscellaneous debits, current and other assets at June 30, 1905, transferred to this account:

Real-estate mortgage.....	\$1, 000. 00
Cash.....	5, 894. 39
Special deposits.....	5. 00
Miscellaneous accounts receivable.....	8. 04
Materials and supplies.....	3, 033. 66
<b>Total.....</b>	<b>9, 941. 09</b>

## INVESTMENT IN ROAD AND EQUIPMENT

The investment of the company in road, including land, no equipment being owned, on date of demise was stated in its books as \$744,951.82, of which the following is a general analysis:

## Securities issued and money paid to the Carteret Construction Company in payment for the construction and equipment of the original road:

Money outlay.....	\$13, 000. 00
Capital stock issued, par value.....	482, 000. 00
First-mortgage bonds issued, par value.....	250, 000. 00
	<b>745, 000. 00</b>
Less amount returned by the Carteret Construction Company for failure to complete certain work—	
Cash returned.....	\$5, 000
First-mortgage bonds, par value.....	5, 000
	<b>10, 000. 00</b>
Additions and betterments:	\$735, 000. 00
Road—	
Money outlay.....	4, 304. 13
First-mortgage bonds reissued, par value....	20, 000. 00
Nonnegotiable debt to affiliated companies..	15, 161. 47
	<b>39, 465. 60</b>
Equipment, money outlay.....	1, 124. 27
	<b>775, 589. 87</b>
Less—	
Retirements of road—	
Proceeds from the sale of materials.....	1, 358. 20
Proceeds from the sale of lands.....	19, 756. 55
Recorded value of other property retired..	1, 900. 00
	<b>23, 014. 75</b>

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## Additions and betterments—Continued.

## Less—Continued.

## Retirements of equipment—

Proceeds from the sale of equipment to the Central of New Jersey-----	\$7, 200. 00	
Salvage recovered from car retired-----	423. 30	
		<u>\$7, 623. 30</u>

Total deductions-----		<u>30, 638. 05</u>
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Net investment in road and equipment account---		<u>744, 951. 82</u>
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This balance, so far as it is resolvable into its component elements, would comprise the following:

## Money outlay:

Expended by the company-----	\$13, 428. 40	
Expended by the Central of New Jersey-----	15, 161. 47	
		<u>\$28, 589. 87</u>

Capital stock issued, par value-----	482, 000. 00	
First-mortgage bonds, issued, par value-----	250, 000. 00	
First-mortgage bonds (reissued), par value-----	15, 000. 00	
		<u>747, 000. 00</u>

Less deductions not assignable specifically to any one or more of the classes of outlay above stated, retirements of road and equipment as hereinbefore detailed-----		<u>30, 638. 05</u>
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## THE PASSAIC RIVER EXTENSION RAILROAD COMPANY

The records reviewed do not indicate that this company on date of demise was controlled by any individual or corporation, nor that it controlled any common-carrier corporation. The property of the company was operated during its entire period of existence as a part of the railroad of the Central of New Jersey. On the date of its demise the company owned about 0.7 mile of railroad extending from a connection with the Central of New Jersey near Newark Transfer and extending along the westerly side of Avenue R, Newark, N. J. The property was all acquired by construction, being completed and turned over to the operating company in 1916.

The company issued capital stock in the par value of \$7,700 in payment for right-of-way lands, which amount was charged to investment in road and equipment. Nonnegotiable debt to affiliated companies was incurred by the receipt of advances for construction from the Central of New Jersey to the amount of \$24,906.52. Of this amount \$2,300 was settled by the transfer of lands to that carrier and \$22,606.52 was outstanding on date of demise.

The results of corporate operations are included in the general accounts of the Central of New Jersey and can not be specifically stated.

The investment in road, including land, no equipment being owned, on date of demise was stated in its books to be \$30,306.52, of which the following is an analysis:

Capital stock issued for right of way, par value-----	\$7, 700. 00	
Nonnegotiable debt to affiliated companies-----	24, 906. 52	
		<u>32, 606. 52</u>
Less recorded value of lands sold to Central of New Jersey-----	2, 300. 00	
		<u>30, 306. 52</u>

## THE RARITAN NORTH SHORE RAILROAD COMPANY

On date of demise the company was controlled by the Central of New Jersey through ownership of its entire capital stock. It did not control any common-carrier corporations. The property was operated by the Central of New Jersey during the period of its existence. On date of its demise the company owned 1.702 miles of railroad extending from a junction with the Central of New Jersey at Perth Amboy, N. J., to the Raritan Brick Works. All of the property was acquired by construction. About 1 mile of road was completed in 1894. In 1895 and 1896 extensions were constructed. In 1907, the company issued capital stock to the Central of New Jersey in the par value of \$66,400 to retire a like amount of nonnegotiable debt. Nonnegotiable debt to affiliated companies was incurred by the receipt of advances from the Central of New Jersey, for construction and additions and betterments, to the amount of \$78,178.94, of which \$66,400 was repaid by the issue of a like amount of capital stock. It was further reduced \$500, the recorded value of land transferred to the Central of New Jersey. The balance of \$11,278.94 was outstanding on date of demise.

The results of corporate operations are included in the general accounts of the Central of New Jersey and may not be specifically stated. The investment of the company in road, including land, no equipment being owned, on date of demise was stated in its books as \$77,678.94, of which the following is an analysis:

Amount advanced by the Central of New Jersey for the construction of the original road, and additions and betterments.....	\$79, 169. 22
Less—	
Recorded value of sidings removed.....	\$990. 28
Recorded estimated value of land withdrawn from railroad use or reclassified and transferred to the Central of New Jersey.....	500. 00
	<u>1, 490. 28</u>
	77, 678. 94

## THE SOUND SHORE RAILROAD COMPANY

On date of demise this company was controlled by the Central of New Jersey through ownership of its entire outstanding capital stock. It controlled no common-carrier corporation. The property was operated by and for the benefit of the Central of New Jersey during the entire period of its existence.

On date of demise the company owned about 6.17 miles of railroad extending from a connection with the Central of New Jersey at Bayway to a junction with The Carteret Extension Railroad near Williams and Clark station, N. J., with branches from Bayway to the Elizabeth River and from Grasselle to Tremley, N. J. All of the property was acquired by construction. About 3.18 miles of road and 3.13 miles of sidings and yard tracks were constructed and put in operation by the Central of New Jersey prior to the date of incorporation of the company. In 1895 the road from Morse's Creek to Grasselle, N. J., was completed and in 1896 it completed the line from Grasselle to a point near Williams and Clark station, N. J.

In 1907 the company issued capital stock to the Central of New Jersey in the par value of \$149,200 to retire a like amount of nonnegotiable debt. Nonnegotiable debt to affiliated companies was incurred by receipt of advances from the Central of New Jersey for the construction of that part of the road which was completed

prior to date of incorporation. The total of such debt was \$240,638.21, of which \$154,690.34 was repaid as follows:

Capital stock issued, par value.....	\$149, 200. 00
Estimated value of lands withdrawn from railroad uses and transferred to the Central of New Jersey.....	1, 100. 00
Proceeds from the sale of property which were retained by the Central of New Jersey and applied to reduce the debt.....	530. 00
Recorded value of other property retired and applied to further reduce the debt.....	3, 860. 34
<b>Total.....</b>	<b>154, 690. 34</b>

The balance of \$85,947.87 was outstanding at demise.

During the period of its existence the property of the company was operated by and for the benefit of the Central of New Jersey. Its operating results are included in the general accounts of the latter company and can not be specifically set forth.

The investment of the company in road, including land, no equipment being owned, on date of demise were stated in its books as \$235,147.87, of which the following is a general analysis:

Road constructed by the Central of New Jersey prior to the incorporation of the company (3.18 miles of road and 3.31 miles of sidings and yard tracks), for which nonnegotiable debt was incurred....	\$63, 915. 51
Other road constructed and additions and betterments, for which nonnegotiable debt was incurred.....	176, 722. 70
<b>Total.....</b>	<b>240, 638. 21</b>

Less retirements:

Proceeds from the sale of land and sidings.....	\$530. 00
Estimated value of other land withdrawn from railroad uses or reclassified as miscellaneous physical property, and transferred to the Central of New Jersey.....	1, 100. 00
Recorded value of other property retired.....	3, 860. 34
	<u>5, 490. 34</u>
	235, 147. 87

#### THE TOMS RIVER RAILROAD COMPANY

##### INTRODUCTORY

The original accounting records of this company are not available. The information herein submitted was taken from the records of the Central of New Jersey, described as "Sundry Companies' Ledger" and "Proprietary Companies' Ledger," from the published reports of the State of New Jersey and from the returns made covering the corporate history of the Central of New Jersey. The available accounting records date from March, 1885, to date of valuation. However, certain items therein could be identified as being applicable to the period prior to March, 1885.

For the full term of its existence, the company was controlled by the Central of New Jersey and was operated as a part of The New Jersey Southern Railway Company. It controlled no common-carrier corporation.

On date of demise, October 16, 1917, the property consisted of a railroad known as the Toms River Branch of The New Jersey Southern Railway Company, extending from Toms River to Lakehurst, N. J., about 7.5 miles. The property was acquired by purchase on August 29, 1881.

## HISTORY OF CORPORATE FINANCING

The financing of the company was arranged by the Central of New Jersey. In some cases it was direct and in others funds were advanced to the New Jersey Southern for the purposes of the Toms River Railroad:

From the date of incorporation, September 20, 1881, to date of demise the company had issued capital stock and incurred nonnegotiable debt to affiliated companies, as disclosed by its records, aggregating \$307,231.74, of which \$240,000 was outstanding on date of demise. Of these securities, \$240,000 was in capital stock and \$67,231.74 in nonnegotiable debt to affiliated companies. All of the latter had been retired.

*Capital stock.*—A par value of \$240,000 was issued to the Central of New Jersey in 1888, in the anticipation of the receipt of advances. The par value of the stock issued exceeded the aggregate amount of advances received, less credits for property retired, by \$175,570.72, which amount is represented in the accounts as “investment in affiliated companies, advances,” on date of demise.

*Nonnegotiable debt.*—Nonnegotiable debt to affiliated companies was incurred by the receipt of advances from the Central of New Jersey to the amount of \$67,231.74, for the following purposes:

Cash advances to the New Jersey Southern for the redemption of \$114,400, par value, of the outstanding mortgage bonds of the railroad known as the Toms River Branch of the New Jersey Southern.....	\$51, 046. 00
Liability assumed by the Central of New Jersey for the remainder of the outstanding bonds on the railroad known as the Toms River Branch; \$5,600, par value assumed at the rate established at foreclosure sale, namely, \$12.20 per \$100.....	683. 20
Expended by the Central of New Jersey for additions and betterments.....	15, 502. 54
Total.....	67, 231. 74

The debt so incurred was discharged in full, as follows:

Capital stock issued, par value.....	\$64, 429. 28
Recorded value of land withdrawn from railroad uses or reclassified and transferred to the Central of New Jersey.....	200. 00
Recorded value of road property retired and applied to reduce the debt.....	2, 602. 46
Total.....	67, 231. 74

In addition to the foregoing capital liabilities, and as therein indicated, the company assumed the liability for the \$120,000, par value of mortgage bonds then resting upon the property which it acquired, though such a liability is not stated in the available records. This liability was retired by the redemption of \$114,400 par value with \$51,046 in cash and by transferring \$5,600 par value to the accounts of the Central of New Jersey at the rate of \$12.20 per \$100.

## RESULTS OF CORPORATE OPERATIONS

The results of its corporate operations are included in the general accounts of other companies and can not be specifically set forth.

## INVESTMENT IN ROAD AND EQUIPMENT

The investment in road, including land, no equipment being owned, on date of demise was stated in its books as \$64,429.28, of which the following is a general analysis:

## Road acquired:

Amount advanced by the Central of New Jersey for the purpose of redeeming \$114,400 par value of bonds of the Toms River Branch.....	\$51, 046. 00	
Liability assumed by the Central of New Jersey and charged in the accounts to the company, for \$5,600 par value of bonds of the Toms River Branch.....	683. 20	\$51, 729. 20
Additions and betterments, advanced by the Central of New Jersey.....		15, 502. 54
Total.....		67, 231. 74
Less retirements:		
Recorded value of lands withdrawn from railroad uses or reclassified and transferred to the Central of New Jersey.....	\$200. 00	
Recorded value of other property retired.....	2, 602. 46	2, 802. 46
Net total of above.....		64, 429. 28

## INVESTMENTS IN OTHER COMPANIES

At its demise the balance in the accounts representing investments in other companies amounted to \$175,570.72. This amount is the excess of the par value of the capital stock issued to the Central of New Jersey in anticipation of the receipt of advances—namely \$240,000, over the amount of advances actually received, which aggregated \$64,429.28.

## THE TOMS RIVER AND BARNEGAT RAILROAD COMPANY

The accounting records of the company are incomplete. On date of demise the company was controlled by the Central of New Jersey through ownership of its entire capital stock. It controlled no common-carrier corporations. During the full term of the company's existence its property was operated by and for the benefit of the Central of New Jersey.

The railroad consisted of about 14.71 miles of single-track, standard-gauge road extending from Toms River to Barnegat, N. J., which had been acquired by purchase on January 27, 1893.

The results of corporate operations are included in the general accounts of the Central of New Jersey and may not be specifically set forth.

The company issued capital stock to the Central of New Jersey in the par value of \$75,300 to retire like amount of nonnegotiable debt. Nonnegotiable debt to affiliated company was incurred by the receipt of advances from the Central of New Jersey to the amount of \$87,435.37, of which \$75,300 was repaid by the issuance in a like amount of capital stock and a further reduction made by application of \$175, the recorded value of track removed. The remainder of \$11,960.37 was outstanding.

The investment in road, including land, no equipment being owned, on date of demise was stated in its books as \$87,260.37, of which the following is a general analysis:

Road acquired, amount advanced by the Central of New Jersey for the purchase of the road formerly known as the Toms River and Waretown Railroad.....	\$70, 000. 00
Additions and betterments, advanced by the Central of New Jersey.....	17, 435. 37
Total.....	87, 435. 37
Less retirements, recorded value of track removed.....	175. 00
Net total.....	87, 260. 37

#### RALPH B. GOWDY AND OTHERS

No accounting records are available. The information here submitted was taken from the published reports of the State of New Jersey, the records of the New Jersey Southern Railway Company, and from returns made by the Central of New Jersey with respect to corporate history. The records reviewed indicate that on date of demise the property was controlled by Ralph B. Gowdy and others as individuals. These individuals apparently did not control any other common-carrier corporation.

In the interim in which Ralph B. Gowdy and others retained the fee of the property it was operated by the New Jersey Southern Railroad Company and its successor, the New Jersey Southern Railway Company, as lessee. The lessee was obligated to pay as rental a percentage of gross receipts from operations.

On date of demise Ralph B. Gowdy and others owned a single-track, standard-gauge railroad extending from Toms River to Barnegat, N. J., 14.8 miles, less an unexplained reduction of 0.09 mile. Of this property, 13 miles, extending from Toms River to Waretown, N. J., were acquired from the Toms River and Waretown Railroad Company. On September 15, 1879, an extension from Waretown to Barnegat, N. J., about 1.8 miles, was completed and put in operation, making a total of 14.8 miles, less the unexplained reduction of 0.09 mile.

Results of operations of the road as shown by the records of the New Jersey Southern Railway for the five-year period from January 1, 1874, to December 31, 1878, are shown by the following income statement:

Operating income:	
Railway operating revenues.....	\$21, 442. 50
Railway operating expenses.....	41, 238. 29
Net revenue from railway operations (loss).....	19, 795. 79
Gross income (loss).....	19, 795. 79
Deductions from gross income, interest on funded debt.....	28, 367. 50
Net loss.....	48, 163. 29
Income balance transferred to the debit of profit and loss (account of the New Jersey Southern Railroad).....	48, 163. 29

The foregoing includes undetermined amounts applicable to the period from January 1, 1874, to August 30, 1875, during which time the property was in possession of the Toms River and Waretown.

The report of the State of New Jersey shows that the cost of road at December 31, 1892, amounted to \$75,000 and consisted of the following:

Purchased at foreclosure.....	\$25, 000
Indebtedness assumed.....	30, 000
Extension to Barnegat.....	20, 000
Total.....	<u>75, 000</u>

#### TOMS RIVER AND WARETOWN RAILROAD COMPANY

There are no accounting or other records available that contain data on the transactions of this company. Information here submitted was taken from the returns made by the Central of New Jersey with respect to corporate history. There are no records to indicate that the company on date of demise was controlled by any individual or corporation, nor that it controlled any common-carrier corporation. The property was operated during the period of its existence by the New Jersey Southern Railroad Company. On date of demise it owned approximately 13 miles of railroad extending from Toms River to Waretown, N. J., which was all acquired by construction, being completed and turned over to the operating company for operation in 1872.

#### THE VINELAND RAILROAD COMPANY

The original accounting records of this company are not available, the information here submitted being taken from the returns made in regard to corporate history by the Central of New Jersey and from a record of the Central of New Jersey described as "Proprietary Companies' Ledger." Although the available records cover the period from March, 1885, to June, 1917, certain items therein were identified as being applicable to the period prior to March, 1885.

The records reviewed do not indicate that on date of demise the company was controlled by any individual or corporation, nor that it controlled any common-carrier corporation.

The property was operated as a part of and for the benefit of the Central of New Jersey during the full term of its existence.

On the date of its demise, October 16, 1917, the company owned about 46.783 miles of railroad extending from Atsion to Bayside, N. J., which was acquired by purchase from Jay Gould and others on March 23, 1880, being the property formerly owned by The Vineland Railway Company.

In the year 1884, the company reported that its capital stock was \$600,000. In March, 1885, its books of accounts were opened, a liability was stated therein for a like amount of capital stock to the debit of a deferred-asset account. In December, 1888, the accounts were rewritten, at which time the par value of the stock was transferred from the deferred-asset account by correspondingly increasing the investment in road and equipment accounts. Nonnegotiable debt to affiliated companies was incurred by the receipt of \$357,211.98 from the Central of New Jersey for the purpose of making additions and betterments to its property. Of this amount \$61,114.01 was repaid, \$6,766.40 by the proceeds from the sale of property, and \$54,347.61, being the recorded value of property retired from service, which was applied to reduce the debt due. The balance of \$296,097.97 was outstanding on date of demise. The results of corporate operations are included in the general accounts of the operating companies and can not be specifically set forth.



On date of demise, the balance in the investment in road and equipment account amounted to \$896,097.97, of which an analysis follows:

Road acquired (including equipment, if any), capital stock issued, par value.....	\$600, 000. 00
Additions and betterments (road), nonnegotiable debt to affiliated companies.....	357, 211. 98
Total.....	957, 211. 98
Less retirements (road):	
Proceeds from the sale of property.....	\$6, 766. 40
Recorded value of other property retired.....	54, 347. 61
	<u>61, 114. 01</u>
Net total.....	896, 097. 97

#### THE VINELAND RAILWAY COMPANY

No accounting records are available. The information here submitted was taken from the returns made in regard to corporate history of the Central of New Jersey, from the published reports of the State of New Jersey, and from the records of the New Jersey Southern Railroad Company. The records reviewed do not indicate that on date of demise the company was controlled by any individual or corporation, nor that it controlled any common-carrier corporation.

The property was operated by its own organization from the date of completion to May 4, 1872. Effective May 1, 1872, it was leased to the New Jersey Southern for operation under an agreement dated May 4, 1872. Apparently the New Jersey Southern, or the trustees of its first-mortgage bonds, continued to operate it during the interim in which Jay Gould and others retained the fee.

On date of demise, March 23, 1880, the company owned about 46.783 miles of railroad extending from Atsion to Bayside, N. J., which was acquired by construction, being completed and put in operation as follows:

Atsion to Vineland, N. J., during the year 1870.....	24.545 miles.
Vineland to Bayside, N. J., during the year 1871.....	22.238 miles.

The report of the State of New Jersey for the year 1873, shows that the capital liabilities of the company on date of its demise were \$1,750,000, of which \$1,000,000 represented capital stock and \$750,000 represented first-mortgage, 7 per cent bonds. The considerations received for the issues can not be ascertained.

The extent of the benefit or loss to the owners of the property from corporate operations can not be ascertained. The following statement was taken from the records of the New Jersey Southern, for the purpose of showing the revenue and expenses of the company for the period from January 1, 1873, to December 31, 1878, as such affected the income of the operating company.

Railway operating revenues.....	\$109, 126. 95
Railway operating expenses.....	168, 576. 69
	<u>59, 449. 74</u>
Net revenue from railway operation (loss).....	59, 449. 74
Income balance transferred to the debit of profit and loss of the New Jersey Southern.....	59, 449. 74
	149 I. C. C.

## THE VINELAND BRANCH RAILROAD COMPANY

On date of demise this company was controlled by the Central of New Jersey through ownership of its entire outstanding capital stock. It controlled no common-carrier corporation.

During the full term of existence of the company, its property was operated by and for the benefit of the Central of New Jersey. On date of demise, October 16, 1917, it owned about 3.62 miles of railroad extending from Bowentown to Bridgeton, N. J., which was acquired by construction, being completed and put in operation during the year 1910. The company issued capital stock to the Central of New Jersey in the par value of \$8,000, which was charged to investment in road and equipment. Nonnegotiable debt to affiliated companies was incurred by the receipt of advances from the Central of New Jersey to the amount of \$78,876.80, of which \$2,000 was discharged by the sale of land and \$76,876.80 was outstanding on date of demise. The results of corporate operations are included in the general accounts of the Central of New Jersey and can not be specifically set forth.

On date of demise the balance in the investment in road accounts, no equipment being owned, amounted to \$84,876.80, of which an analysis follows:

Road constructed and additions and betterments:

Capital stock issued to the Central of New Jersey, par value----	\$8, 000. 00
Nonnegotiable debt incurred-----	78, 876. 80
	86, 876. 80
Less retirements, proceeds from the sale of land-----	2, 000. 00
Total charges-----	84, 876. 80

## THE WEST END RAILROAD COMPANY

The original accounting records of this company are not available. The information here submitted was taken from a record of the Central of New Jersey described as "Proprietary Companies' Ledger," which includes the period from December, 1888, to June, 1917, inclusive.

On date of demise the company was controlled by the Central of New Jersey through ownership of its entire outstanding capital stock. It controlled no common-carrier corporation.

The property was operated during its existence by and as a part of the railroad of the Central of New Jersey. On date of demise, October 16, 1917, the company owned 1.42 miles of railroad extending from East Long Branch to West, N. J., which was acquired by construction, being completed and put in operation during the year 1878.

The company issued capital stock in the par value of \$43,700. The considerations received therefor can not be ascertained. At December 31, 1888, the entire issue of stock was owned by the Central of New Jersey, and in rewriting the accounts as of that date the total par value was included in the accounts as a part of the cost of construction. Nonnegotiable debt to affiliated companies to the amount of \$37,300.71 was incurred by the receipt of advances from the Central of New Jersey. Of that amount, \$6,505 was discharged, \$3,355 with the proceeds from the sale of property and \$3,150 by applying the recorded value of other property retired to reduce the debt payable. The balance of \$30,795.71 was outstanding on date of demise.

The results of corporate operations are included in the general accounts of other companies and can not be specifically set forth.

On date of demise, the balance in the investment in road accounts, no equipment being owned, amounted to \$74,495.71, an analysis of which follows:

Road constructed and additions and betterments:	
Capital stock issued, par value.....	\$43, 700. 00
Advanced by the Central of New Jersey.....	37, 300. 71
	81, 000. 71
Less retirements:	
Proceeds from the sale of property.....	\$3, 355. 00
Recorded value of 0.17 mile of road retired.....	800. 00
Recorded value of other property retired.....	2, 350. 00
	6, 505. 00
Net balance of above.....	74, 495. 71

#### THE WEST SIDE CONNECTING RAILROAD COMPANY

The information herein submitted was taken from a record of the Central of New Jersey described as "Proprietary Companies' Ledger," which purports to show the transactions of the company. This record is incomplete with respect to the capital liabilities, and it may be otherwise faulty.

On date of demise the company was controlled by the Central of New Jersey through ownership of its entire outstanding capital stock. It controlled no common-carrier corporation.

The property was operated during its existence by and as a part of the Central of New Jersey. On date of demise, October 16, 1917, the company owned 0.94 mile in Jersey City, N. J., extending from a connection with the Central of New Jersey at West Side Avenue to Danforth Avenue, which was acquired by construction, being completed and put in operation during the years 1895 and 1896.

During the year 1907, a par value of \$125,400 was issued to the Central of New Jersey for the purpose of retiring a like amount of nonnegotiable debt. The records of the Central of New Jersey indicate that the company negotiated an issue of capital stock prior to the year 1907. The Central of New Jersey purchased \$18,400 par value of the prior issue at prices in excess of par. It also assumed the liability for \$4,000 par value then held by an individual. The considerations received in the issue or the manner of accomplishing its retirement are not shown in the available records. Nonnegotiable debt to affiliated companies to the amount of \$180,720.28 was incurred by the receipt of advances from the Central of New Jersey. Of this amount, \$6,869 was repaid with the proceeds from the sale of land and cash and \$125,400 by the issue of a like amount of capital stock. The balance of \$48,451.28 was outstanding at demise.

The results of corporate operations are included in the general accounts of the Central of New Jersey and can not be specifically set forth.

On its demise the balance in the investment in road accounts, no equipment being owned, amounted to \$173,851.28, of which an analysis follows:

Road constructed and additions and betterments:	
Advances by the Central of New Jersey.....	\$180, 720. 28
Less amount received from the corporation of Jersey City, N. J., on account of sewer changes..	1, 469. 00
	\$179, 251. 28
Less retirements, proceeds from the sale of property.....	5, 400. 00
Net total of the above.....	173, 851. 28

## PREDECESSORS OF THE LEHIGH COAL AND NAVIGATION COMPANY

## LEHIGH AND DELAWARE WATER GAP RAILWAY COMPANY

There are no accounting or other records obtainable that contain data on the transactions of this company. The records reviewed do not indicate that on date of demise, July 10, 1867, the company was controlled by any individual or corporation, nor that it controlled any common-carrier corporation. The company owned no completed mileage. It did considerable work on its proposed railroad between Shimersville and Easton, Pa., but did not complete the same.

## NANTICOKE RAILROAD COMPANY

## INTRODUCTORY

The records reviewed do not indicate that this company was controlled on date of demise, July 9, 1867, by any individual or corporation, nor that it controlled any common-carrier corporations. The property was operated from the date of completion or acquisition by the Lehigh Coal and Navigation Company. On date of demise, the company owned about 25.2 miles of single-track, standard-gauge, steam railroad, located in the State of Pennsylvania. In the year 1860, it began the construction of a railroad from Newport to Scranton, Pa., only a portion of which it completed. In 1845, it purchased from the Philadelphia Coal Company a short branch road, and in 1866 another short road was purchased from the Wilkes-Barre Coal and Iron Company, a total of about 25.2 miles.

## HISTORY OF CORPORATE FINANCING

The authorized capital stock was \$1,000,000 par value, of which \$470,000 was issued at par for the following considerations:

Cash.....	\$373, 174. 73
Nonnegotiable debt to affiliated companies.....	75, 000. 00
Construction.....	16, 074. 44
Part consideration for purchase of branch road from the Philadelphia Coal Company.....	5, 750. 83
Total.....	<u>470, 000. 00</u>

The company issued 6 per cent bonds in the par value of \$151,000, of which \$146,000 was issued to the Lehigh Coal and Navigation Company in the payment of \$127,250 of nonnegotiable debt and \$5,000 for \$3,750 in cash. The discount sustained, \$20,000, was charged to investment in road and equipment account. Nonnegotiable debt to affiliated companies was incurred by the receipt of cash construction advances from the Lehigh Coal and Navigation Company to the amount of \$327,228.39. Of this amount \$203,258.33 was repaid, \$1,008.33 with cash, \$75,000 by the issue of a like amount of capital stock, and \$127,250 by the issue of \$146,000 par value 6 per cent bonds. The company issued from time to time short-term noted for temporary financing to the amount of \$92,576 for which it received a like amount of cash, and of which it repaid \$82,576 with cash, and \$10,000 was outstanding on date of demise.

## RESULTS OF CORPORATE OPERATIONS

The property of the company was operated by the Lehigh Coal and Navigation Company, as lessee, from the dates of completion or acquisition to the date of demise. The recorded income from the lease of road for the period of June 1, 1862, to September 20, 1865, amounted to \$15,620.04, which the lessor company credited in its accounts to investment in road. The company also records the

payment of interest on funded and unfunded debt to the amount of \$22,278.82 during the same period, which amount was charged in the accounts to investment in road.

INVESTMENT IN ROAD AND EQUIPMENT

The investment in road, including land, no equipment being owned, on date of demise was reported as \$758,121.56, of which the following is a general analysis:

Branch lines purchased:

From the Philadelphia Coal Company—

Recorded money outlay.....	\$1, 249. 17	
Capital stock issued, par value.....	5, 750. 83	
		\$7, 000. 00

From the Wilkes-Barre Coal and Iron Company, recorded money outlay .....

6, 036. 50

Road constructed:

Recorded money outlay.....	594, 381. 85	
Capital stock issued, par value.....	16, 074. 44	
Nonnegotiable debt to affiliated companies.....	107, 969. 99	
		718, 426. 28

Total..... 731, 462. 78

Other items:

Debits—

Discount sustained in the issue of funded debt.....	20, 000. 00	
Interest on funded and unfunded debt.....	22, 000. 00	

Total..... 42, 278. 82

Credits, income from lease of road..... 15, 620. 04

Net debit..... 26, 658. 78

Grand total of above..... 758, 121. 56

The "other items" separately noted in the foregoing tabulation are not in accord with the present classification of accounts. If the debits thereunder described were eliminated from the investment in road account and the credits restored thereto, this balance would be decreased to \$731,462.78. This balance, so far as it is resolvable into its component elements, would comprise the following:

Recorded money outlay.....	\$601, 667. 52
Capital stock issued, par value.....	21, 825. 27
Nonnegotiable debt to affiliated companies, incurred.....	107, 969. 99

SECTION 2

Valuation Docket No. 390

The Nesquehoning Valley Railroad Company

*Location and general description of property.*—The railroad of The Nesquehoning Valley Railroad Company, herein called the Nesquehoning Valley Railroad, is a standard-gauge, steam railroad, located within the State of Pennsylvania. The owned mileage extends in a westerly direction from Nesquehoning Junction to Tamënend, 16.719 miles, with a line 0.955 mile in length leaving the above-described

road at Hauto, and extending southerly through a tunnel to Lansford. The Nesquehoning Valley Railroad embraces 38.521 miles of all tracks which are classified in the trackage table in Appendix 1. The entire railroad is leased to the Lehigh Coal and Navigation Company, which in turn subleases the 16.719 miles to The Central Railroad Company of New Jersey and 0.955 mile to the Lehigh and New England Railroad Company.

*Capital stock and long-term debt.*—The Nesquehoning Valley Railroad had outstanding, on date of valuation, a total par value of \$1,469,951.41 in stock and long-term debt, of which \$1,418,600 represents common stock and \$51,351.41 nonnegotiable debt to affiliated companies.

*Results of corporate operations.*—The property of the Nesquehoning Valley Railroad, except the tunnel section, is operated by The Central Railroad Company of New Jersey and the tunnel section is operated by the Lehigh and New England Railroad Company. The results of corporate operations are included in the income accounts of those companies. No dividends have been paid during the 10 years preceding date of valuation.

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

*Investment in road and equipment.*—The investment in road, including land, no equipment being owned, on date of valuation, is stated in the books as \$1,469,988.91. If readjustments were made this amount would be increased to \$1,489,988.91, detailed in Appendix 2, of which \$783,925.24, less an undetermined portion thereof assignable to an offsetting item recorded at \$3,333.50, represents considerations other than money, the cash value of which at the time of the transaction we are not able to report, because it has been impossible to obtain the necessary information.

*Cost of reproduction new and cost of reproduction less depreciation.*—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property other than land, owned but not used by the Nesquehoning Valley Railroad, are shown below:

Classification	Cost of reproduction new	Cost of reproduction less depreciation
Wholly owned but not used, leased to The Lehigh Coal and Navigation Company, used by—		
The Central Railroad Company of New Jersey.....	\$998, 538	\$841, 270
Lehigh and New England Railroad Company.....	257, 897	242, 749
Total.....	1, 256, 435	1, 084, 019

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

*Cost of lands, rights of way, and terminals at the time of dedication to public use and their present value.*—The Nesquehoning Valley Railroad owns but does not use 121.96 acres of lands which are leased to other carriers for common-carrier purposes. The total original cost of lands owned but not used by the Nesquehoning Valley Railroad, leased to other carriers for common-carrier purposes, can not be ascertained, as the necessary records are not obtainable, but the original cost of a portion thereof so far as supported by accounting records is \$5,317. Other data on their original cost will be found in Appendix 2. The area and present values of these lands are found to be:

Classification	Acres	Present value
Wholly owned but not used, leased to The Lehigh Coal and Navigation Company, used by—		
The Central Railroad Company of New Jersey .....	117.80	\$6,434.60
Philadelphia and Reading Railway Company .....	1.31	39.30
Lehigh and New England Railroad Company .....	2.85	114.00
Total .....	121.96	6,587.90

*Property held for purposes other than those of a common carrier.*—The Nesquehoning Valley Railroad owns and holds for noncarrier purposes 13.65 acres of lands. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data that are obtainable on their original cost will be found in Appendix 2.

The present value of these lands, and improvements thereon, owned by the Nesquehoning Valley Railroad, is \$1,861.

*Aids, gifts, grants of rights of way, and donations.*—The Nesquehoning Valley Railroad reports no aids, gifts, grants, or donations as received by it, and none was found of record.

*Material and supplies.*—The Nesquehoning Valley Railroad had no material and supplies on hand on date of valuation.

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

Owned but not used, leased to The Lehigh Coal and Navigation Company, used by—		
The Central Railroad Company of New Jersey .....		\$892,000
Lehigh and New England Railroad Company .....		250,000
Philadelphia and Reading Railway Company .....		39
Total .....		1,142,039
		149 I. C. C.

No working capital, including material and supplies, is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

## APPENDIX 1

*Track mileage.*—The track mileage of the Nesquehoning Valley Railroad is classified in the following table:

Classification	First main track	Second main track	Yard tracks and sidings	All tracks
Wholly owned but not used, leased to, The Lehigh Coal and Navigation Company, used by—				
The Central Railroad Company of New Jersey.....	Miles 16.719	Miles 7.870	Miles 12.977	Miles 37.566
Lehigh and New England Railroad Company.....	0.955			0.955
Total.....	17.674	7.870	12.977	38.521

*Traffic connections.*—The Nesquehoning Valley Railroad has connections with other carriers for interchange of traffic as follows:

Carrier	Connecting point
The Central Railroad Company of New Jersey.....	Nesquehoning Junction, Pa.
Philadelphia and Reading Railway Company.....	Tamemend, Pa.
Lehigh and New England Railroad Company.....	Lan-ford, Pa.

*Physical conditions affecting construction.*—The region traversed is mountainous, the soil being clay and sand overlaying shale, slate, and sandstone, coal veins being encountered in excavation.

*Economic conditions relating to traffic.*—The principal product of the region is anthracite coal.

*Physical characteristics of road.*—The grading is heavy, averaging, exclusive of tunnel, about 44,000 cubic yards per mile. There is one tunnel 3,807 feet long driven through solid rock and lined 465 feet with brick side-walls and stone arch. There is one important bridge near Homestown, Pa. This is a 19-span, single-track viaduct, made up of deck lattice and deck plate girders, having a total length of 990 feet. The main track is laid mostly with 100 and 90 pound rail, of which about 36 per cent was new when laid. The main track is ballasted with cinders, except through the tunnel where broken stone is used.

*Equipment.*—The Nesquehoning Valley Railroad owns no equipment. The equipment used in operation is furnished by the operating carriers.

*Engineering and general expenditures.*—Engineering has been estimated at 4.5 per cent upon road accounts 3 to 47, inclusive. General expenditures, exclusive of interest, have been estimated at 1.5 per cent on road accounts 1 to 47, exclusive of account 2. Interest during construction has been estimated for one-half the construction period of 18 months, plus 3 months, at 6 per cent per annum on all road and general-expenditures accounts, except 2 and 76.



## SUMMARIES

*Wholly owned but not used, leased to The Lehigh Coal and Navigation Company, used by The Central Railroad Company of New Jersey and the Lehigh and New England Railroad Company*

Account	Classes	Cost of re-production new	Cost of re-production less depreciation
I ROAD			
1	Engineering.....	\$49,185	\$49,185
3	Grading.....	323,509	320,228
5	Tunnels and subways.....	181,496	172,203
6	Bridges, trestles, and culverts.....	109,614	84,012
8	Ties.....	97,648	62,922
9	Rails.....	142,401	130,843
10	Other track material.....	60,041	48,055
11	Ballast.....	46,993	24,219
12	Tracklaying and surfacing.....	75,623	58,290
13	Right-of-way fences.....	763	382
15	Crossings and signs.....	23,709	21,255
16	Station and office buildings.....	10,936	6,770
17	Roadway buildings.....	13,614	7,795
18	Water stations.....	26,681	17,824
20	Shops and engine houses.....	3,811	2,493
26	Telegraph and telephone lines.....	151	138
27	Signals and interlockers.....	1,624	1,131
Total, 1, and 3 to 47, inclusive.....		1,167,799	1,007,745
III GENERAL EXPENDITURES			
71	Organization expenses.....	17,517	15,074
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	71,119	61,200
76	Interest during construction.....	83,636	76,274
Total, 71 to 77, inclusive.....		152,272	132,548
Grand total, 1, and 3 to 77, inclusive.....		1,266,435	1,081,019

*Wholly owned but not used, leased to The Lehigh Coal and Navigation Company used by The Central Railroad Company of New Jersey*

Account	Classes	Cost of re-production new	Cost of re-production less depreciation
I ROAD			
1	Engineering.....	\$39,966	\$39,966
3	Grading.....	288,070	286,822
6	Bridges, trestles, and culverts.....	109,614	84,012
8	Ties.....	95,141	61,384
9	Rails.....	137,782	126,512
10	Other track material.....	58,624	46,964
11	Ballast.....	44,105	22,003
12	Tracklaying and surfacing.....	73,012	56,681
13	Right-of-way fences.....	763	382
15	Crossings and signs.....	23,671	21,230
16	Station and office buildings.....	10,936	6,770
17	Roadway buildings.....	13,545	7,736
18	Water stations.....	26,681	17,824
20	Shops and engine houses.....	3,811	2,493
26	Telegraph and telephone lines.....	151	138
27	Signals and interlockers.....	1,624	1,131
Total, 1, and 3 to 47, inclusive.....		928,096	782,098
III GENERAL EXPENDITURES			
71	Organization expenses.....	13,921	11,694
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	56,521	47,478
76	Interest during construction.....	70,442	59,172
Total, 71 to 77, inclusive.....		130,963	106,670
Grand total, 1, and 3 to 77, inclusive.....		998,538	841,270

*Wholly owned but not used, leased to The Lehigh Coal and Navigation Company, used by the Lehigh and New England Railroad Company*

Account	Classes	Cost of re- production new	Cost of re- production less depre- ciation
I. ROAD			
1	Engineering.....	\$9,219	\$9,219
3	Grading.....	35,439	33,406
5	Tunnels and subways.....	181,496	172,203
8	Ties.....	2,507	1,538
9	Rails.....	4,619	4,331
10	Other track material.....	1,417	1,091
11	Ballast.....	2,888	2,166
12	Tracklaying and surfacing.....	2,011	1,609
15	Crossings and signs.....	38	25
17	Roadway buildings.....	69	59
	Total, 1, and 3 to 47, inclusive.....	239,703	225,647
III. GENERAL EXPENDITURES			
71	Organization expenses.....	3,596	3,380
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	14,598	13,722
76	Interest during construction.....		
	Total, 71 to 77, inclusive.....	18,194	17,102
	Grand total, 1, and 3 to 77, inclusive.....	257,897	242,749

## APPENDIX 2

## INTRODUCTORY

The Nesquehoning Valley Railroad is a corporation of the State of Pennsylvania, having its principal office at Philadelphia, Pa. The Nesquehoning Valley Railroad is controlled by The Lehigh Coal and Navigation Company through ownership of a majority of its outstanding capital stock. It controls no other common-carrier corporation.

The Nesquehoning Valley Railroad was operated by The Lehigh Coal and Navigation Company from the date of completion to March 31, 1871, under lease agreement. From March 31, 1871, the property, excepting 0.955 mile of road between Hauto and Langford, Pa., was operated by The Central Railroad Company of New Jersey and its receivers until May 29, 1883, when the Philadelphia and Reading Railway Company became the operating lessee. The latter and its receivers operated it until December 31, 1886, on which date it was restored to The Central Railroad Company of New Jersey as lessee, and it was so operated until January 1, 1918. The 0.955 mile of road referred to above is subleased to The Lehigh and New England Railroad Company. On the last-named date, the property devoted to common-carrier purposes was taken over for operation by the United States Railroad Administration, and was being so operated on date of valuation.

The obtainable accounting records date from August, 1861, but contain no entries for the period from August 31, 1907, to June 30, 1912, nor subsequent to March 9, 1916.

## CORPORATE HISTORY

The Nesquehoning Valley Railroad was incorporated by special act of Pennsylvania approved May 14, 1861, for the purpose of constructing a railroad from 149 I. C. C.

a point near the mouth of the Nesquehoning Creek to its headwaters. The Nesquehoning Valley Railroad also enjoys the powers and is subject to the restrictions of a general law approved February 19, 1849.

#### DEVELOPMENT OF FIXED PHYSICAL PROPERTY

In 1861 the Nesquehoning Valley Railroad began the construction of its road. The work was temporarily suspended in the latter part of the year 1862, but was resumed in 1868. The main line was completed in April, 1870, and the tunnel between the Nesquehoning and Panther valleys was completed in 1872.

#### HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records of the Nesquehoning Valley Railroad do not indicate any syndicating arrangements in connection with issuance of securities.

*Capital stock and long-term debt.*—From the date of its incorporation, May 14, 1861, to date of valuation the Nesquehoning Valley Railroad has issued capital stock and incurred nonnegotiable debt to affiliated companies, as disclosed by its records, aggregating \$2,226,392.74, of which \$1,469,951.41 is actually outstanding, as summarized in the following table.

Class	Issued or incurred	Retired	Actually outstanding
Capital stock, par value.....	\$1,418,600.00	-----	\$1,418,600.00
Nonnegotiable debt to affiliated companies.....	807,792.74	\$756,441.33	51,351.41
Total.....	2,226,392.74	756,441.33	1,469,951.41

*Capital stock.*—The authorized capital stock is \$2,000,000 par value, of which \$1,418,600 par value has been issued for considerations as recorded below.

Par value	Consideration	Recorded value
<i>Issued</i>		
\$1,069,700	Cash (premium \$1,500).....	\$1,084,700
348,900	Nonnegotiable debt retired (premium \$5,000).....	353,900
1,418,600	Total.....	1,438,600

The difference of \$20,000 between the par value issued and the value of the recorded considerations, representing premium received, was credited in the accounts to investment in road and equipment.

*Nonnegotiable debt to affiliated companies.*—Nonnegotiable debt to affiliated companies has been incurred by the receipt of cash and construction advances from The Lehigh Coal and Navigation Company to the amount of \$807,792.74, of which \$23,867.50 was cash and \$783,925.24 was construction. Of the debt so incurred, \$756,441.33 has been repaid; \$402,541.33 with cash and \$353,900 by the issue of \$348,900 par value of capital stock. The remainder, \$51,351.41, is outstanding.

#### RESULTS OF CORPORATE OPERATIONS

The agreement of November 4, 1868, referred to in the introductory chapter, provided for an annual rental of 10 per cent on the paid-in capital stock, and an amount not to exceed \$2,000, for the maintenance of investment organization.

Effective January 1, 1880, the annual rental was commuted, and 7 per cent became the rate instead of 10 per cent. On January 1, 1885, the rental was again commuted, and 5 per cent became the rate instead of 7 per cent. During the year 1904, The Lehigh Coal and Navigation Company exercised a right reserved in the agreement of November 4, 1868, and acquired all of the outstanding capital stock of the Nesquehoning Valley Railroad, and on January 1, 1905, ceased to pay rental for the property.

*Income statement.*—A condensed summary of the income accounts for the period January 1, 1871, to December 31, 1904, follows:

Nonoperating income, income from lease of road.....	\$3, 013, 454. 90
Gross income.....	3, 013, 454. 90
Deductions from gross income, maintenance of investment organization.....	43, 872. 09
Net income.....	2, 969, 582. 81
Disposition of net income, dividend appropriations of income...	2, 969, 582. 81

#### INVESTMENT IN ROAD AND EQUIPMENT

The investment in road, including land, there being no equipment owned, on date of valuation, is stated in the books as \$1,469,988.91, of which the following is a general analysis:

Road constructed, additions, and betterments:

Recorded money outlay—

For construction, additions, and betterments.....

\$582, 232. 55

For interest and taxes.....

127, 164. 62

\$709, 397. 17

Interest and taxes paid.... \$158, 261. 92

Less interest received..... 31, 097. 30

Nonnegotiable debt to affiliated companies.....

783, 925. 24

1, 493, 322. 41

Less proceeds from the sale of land.....

3, 333. 50

Net total of above.....

1, 489, 988. 91

Other items, credit, premium on capital stock.....

20, 000. 00

Grand total.....

1, 469, 988. 91

The credit shown under "other items" is not in accordance with the present classification of accounts. If that item were restored, the balance in the investment in road account would be increased to \$1,489,988.91. This amount, so far as it is resolvable into its component elements, would comprise the recorded money outlay of the Nesquehoning Valley Railroad and The Lehigh Coal and Navigation Company for the construction of the original road, and additions and betterments thereto, less the proceeds from the sale of lands.

The above outlays may include some or all of the undetermined portions, assignable to noncarrier lands, of the cost of lands classified herein as partly carrier and partly noncarrier. The Nesquehoning Valley Railroad has not charged to its miscellaneous physical property account any amounts that represent these noncarrier lands. The cost of the above lands, so far as they are indicated by accounting records, together with certain amounts reported as costs of such lands but which are not supported in the accounts, are stated in the chapter on original cost to date.

## ORIGINAL COST TO DATE

The original cost to date of the road, including land, there being no equipment, owned by the Nesquehoning Valley Railroad and used for common-carrier purposes, has not been definitely ascertained. The data obtained on the outlay, including interest and taxes, for creating and improving the property to date of valuation are those included in the investment in road and equipment accounts, as follows:

Recorded money outlay, including interest and taxes.....	\$1, 493, 322. 41
Less whatever parts of the above, not definitely determinable, represents lands sold for proceeds of.....	3, 333. 50

The above-cited outlays do not include the expenditures, if any, made by the Central Railroad Company of New Jersey of The Lehigh Coal and Navigation Company, and not entered in the investment in road and equipment account of the Nesquehoning Valley Railroad, nor any part of \$89,684.04 expended by the latter in connection with revision of its line west of Hauto for which it was reimbursed by the Panther Valley Water Company. They include \$564,489.40 as the cost to August 31, 1873, of the tunnel connecting the Nesquehoning and Panther valleys, and detailed in the accounts as follows:

Railroad in tunnel.....	\$12, 517. 87
Tunnel.....	119, 635. 20
Tunnel contract.....	259, 397. 96
North portal.....	43, 557. 19
South portal.....	15, 570. 09
Estimated amount of dividends on cost of tunnel during progress of work.....	74, 893. 65
Loss on machinery sold.....	38, 415. 06
Sundry items.....	502. 38
<b>Total.....</b>	<b>564, 489. 40</b>

The above outlays may include some or all of the undetermined portions, assignable to noncarrier lands, of the cost of lands classified herein as partly carrier and partly noncarrier. The Nesquehoning Valley Railroad has not charged to its miscellaneous physical property account any amounts that represent these noncarrier lands. The cost of the above lands, so far as they are indicated by accounting records, together with certain amounts reported by the Delaware and Bound Brook as costs of such lands but which are not supported in the accounts, are stated in the section devoted to cost of lands.

*Cost of lands.*—The Nesquehoning Valley Railroad reports amounts aggregating \$24,188.81 as the outlays by it in connection with lands owned. A verification of the amounts indicates that the reported outlays should be reduced by \$10,571.80, as detailed below:

Lands for which title is vested in The Central Railroad Company of New Jersey.....	\$181. 80
Lands for which title is vested in The Lehigh Coal and Navigation Company.....	8, 290. 00
Estimated miscellaneous incidental and attendant costs.....	2, 100. 00
<b>Total deductions.....</b>	<b>10, 571. 80</b>

The returns include certain streets and highways vacated to it by municipalities without reported considerations. The amounts reported as costs for the remaining lands owned, after making the changes noted, are made up in part of costs

supported by accounting records and in part of substantial considerations named in deeds which the Nesquehoning Valley Railroad returned as costs but which are not supported by accounting records. These amounts, classified according to the classification herein of the lands to which they apply, all in Pennsylvania, are summarized as follows:

Classification	Costs supported by accounting records	Amounts not supported by accounting records
Lands classified as carrier, owned but leased to the Central of New Jersey.....	\$5,317	\$6,100.01
Lands classified as partly carrier and partly noncarrier, owned but partly used by another carrier.....	1,300	900.00

*Cost of machinery and equipment.*—The Nesquehoning Valley Railroad does not report any machinery or equipment as owned or used.

#### MISCELLANEOUS PHYSICAL PROPERTY ACCOUNTS

The accounts do not record any investment in miscellaneous physical property as of date of valuation. However, certain lands owned have been classified herein as partly carrier and partly noncarrier. A summary of the costs reported as applying thereto is stated in the chapter on original cost to date. The portion of such costs that would be includible in the miscellaneous physical property account has not been indicated by the records reviewed.

#### LEASED RAILWAY PROPERTY

As hereinbefore stated, the Nesquehoning Valley Railroad leases its property to The Lehigh Coal and Navigation Company for the term of 999 years from November 4, 1868. Under an agreement of June 7, 1904, The Lehigh Coal and Navigation Company acquired control of all the capital stock of the Nesquehoning Valley Railroad and ceased to pay the rental. The Lehigh Coal and Navigation Company subleases the property of the Nesquehoning Valley Railroad, exclusive of the tunnel, together with the properties of the Tresckow Railroad and the Lehigh and Susquehanna Railroad, for a like term under an agreement dated March 31, 1871, and amended June 28, 1887. Under the terms of the existing agreement, The Lehigh Coal and Navigation Company is to receive as annual rental for the three roads named a sum equal to one-third of the gross receipts from their operation, such rental to be not less than \$1,414,400 nor more than \$2,043,000 for any one year, and a further sum each year of 7 per cent on the amounts which shall be charged after December 31, 1882, on the books of the Lehigh Coal and Navigation Company for right of way or for expenditures made by The Central Railroad Company of New Jersey for additions and betterments.

The Lehigh Coal and Navigation Company records the receipt of \$2,203,767.64 as income for the lease of the three roads for the year ended on date of valuation. The obtainable information will not permit the allocation of specific amounts to the respective properties.

The tunnel is leased by The Lehigh Coal and Navigation Company to the Lehigh and New England Railroad Company in perpetuity.

## GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement, as of date of valuation, is as follows:

ASSETS	
Investment, investment in road and equipment.....	\$1, 469, 988. 91
LIABILITIES	
Stock, capital stock.....	1, 418, 600. 00
Long-term debt, nonnegotiable debt to affiliated companies.....	51, 351. 41
Current liabilities, dividends matured unpaid.....	37. 50
Total.....	1, 469, 988. 91

## SECTION 3

## Valuation Docket No. 391

## Bay Shore Connecting Railroad Company

*Location and general description of property.*—The railroad of the Bay Shore Connecting Railroad Company, herein called the Bay Shore Connecting Railroad, is a single-track, standard-gauge, steam railroad located in the city of Newark, N. J. Its road connects the tracks of the Lehigh Valley Railroad Company and The Central Railroad Company of New Jersey, herein called the joint companies, and is jointly used by them. The Bay Shore Connecting Railroad owns 1.103 miles of main tracks and 1.647 miles of yard tracks and sidings. Its road thus embraces 2.750 miles of all tracks.

*Capital stock and long-term debt.*—The Bay Shore Connecting Railroad had outstanding, on date of valuation, a total par value of \$59,477.51 in stock and long-term debt, of which \$55,800 represents capital stock and \$3, 677.51 nonnegotiable debt to affiliated companies.

*Results of corporate operations.*—Under the agreement covering the use of the property by the joint companies, the latter are obliged to pay maintenance, operating, and other charges and the earnings and expenses of the Bay Shore Connecting Railroad are included in the general accounts of those companies and can not therefore be specifically set forth. No dividends have been paid.

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

*Investment in road and equipment.*—The Bay Shore Connecting Railroad owns no equipment. The investment in road, including land, on date of valuation, is stated in its books as \$59,477.51, detailed in Appendix 2, of which \$60,020.41, less an undetermined portion thereof assignable to offsetting items recorded at \$581.40.

represents considerations other than money, the cash value of which at the time of the transaction we are not able to report, because it has been impossible to obtain the necessary information.

*Cost of reproduction new, and cost of reproduction less depreciation.*—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, owned but not used by the Bay Shore Connecting Railroad are as follows:

Classification	Cost of reproduction new	Cost of reproduction less depreciation
Wholly owned but not used, leased to—		
Lehigh Valley Railroad Company.....	\$30, 865	\$26, 673
The Central Railroad Company of New Jersey.....	30, 865	26, 673
Total.....	61, 730	53, 346

These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are as shown in the summary sheet in Appendix 1. The Bay Shore Connecting Railroad uses no common-carrier property.

*Cost of lands, rights of way, and terminals at the time of dedication to public use, and their present value.*—The Bay Shore Connecting Railroad owns but does not use 8.06 acres of land which is leased to the joint companies. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable, but the original cost of a portion of these lands, so far as supported by the accounting records, is \$2,593.63. Other data on their original cost will be found in Appendix 2. The present values of these lands are as follows:

Classification	Acres	Present value
Wholly owned but not used, leased to—		
Lehigh Valley Railroad Company.....	4. 03	\$11, 145
The Central Railroad Company of New Jersey.....	4. 03	11, 145
Total.....	8. 06	22, 290

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

*Aids, gifts, grants of rights of way, and donations.*—Of the lands owned by the Bay Shore Connecting Railroad and leased to the joint companies and included in the preceding statement of lands owned, 3.15 acres, with a present value of \$9,210, were acquired through aids. These lands were acquired by deeds reciting nominal considerations only. We are not able to report their value at the time acquired.



*Material and supplies.*—The Bay Shore Connecting Railroad had no material and supplies on hand on date of valuation.

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

Owned but not used, leased to—

Lehigh Valley Railroad Company.....	\$39, 000
The Central Railroad Company of New Jersey.....	39, 000
Total owned.....	78, 000

No working capital, including material and supplies, is found to be owned or used. No other values or elements of value to which specific sums can now be ascribed are found to exist.

#### APPENDIX 1

*Engineering and general expenditures.*—Engineering has been estimated at 4.5 per cent on road accounts 3 to 47, inclusive. General expenditures, exclusive of interest, have been estimated at 1.5 per cent upon road accounts 1 to 47, except account 2. Interest during construction has been estimated at 6 per cent per annum for one-half the construction period of 6 months, plus 3 months, on all road and general expenditure accounts, excepting accounts 2 and 76.

#### SUMMARY

*Wholly owned, leased to, and used jointly and equally by the Lehigh Valley Railroad Company and The Central Railroad Company of New Jersey*

Account	Classes	Cost of re- production new	Cost of re- production less depre- ciation
I. ROAD			
1	Engineering.....	\$2, 543	\$2, 543
3	Grading.....	27, 440	27, 440
6	Bridges, trestles, and culverts.....	1, 511	1, 025
8	Ties.....	7, 045	4, 407
9	Rails.....	8, 184	7, 351
10	Other track material.....	4, 865	3, 252
11	Ballast.....	1, 941	970
12	Tracklaying and surfacing.....	4, 905	3, 581
15	Crossings and signs.....	612	442
Total, 1, and 3 to 47, inclusive.....		59, 046	51, 011
III. GENERAL EXPENDITURES			
71	Organization expenses.....	886	771
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	1, 798	1, 564
76	Interest during construction.....		
Total, 71 to 77 inclusive.....		2, 684	2, 335
Grand total, 1, and 3 to 77, inclusive.....		61, 730	53, 346

## APPENDIX 2

## INTRODUCTORY

The Bay Shore Connecting Railroad is a corporation of the State of New Jersey, having its principal office at Jersey City, N. J. The Bay Shore Connecting Railroad is controlled by the joint companies through equal ownership of the entire capital stock. The company itself controls no common-carrier corporation. The joint companies each own an undivided half interest in the Bay Shore Connecting Railroad. The property has been operated by the joint companies from date of completion in 1906 to January 1, 1918, when the common-carrier property of the company was taken over for operation by the United States Railroad Administration and is being so operated on date of valuation.

## CORPORATE HISTORY

The Bay Shore Connecting Railroad was incorporated September 29, 1904, the date of its organization, under the general laws of New Jersey.

## DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The railroad was acquired through construction during the year 1906 and placed in operation in that year by the joint companies.

## HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records of the Bay Shore Connecting Railroad do not disclose that syndicating arrangements were made in connection with issuance of securities. Construction of its road was financed principally by advances made by the joint companies.

*Capital stock and long-term debt.*—From the date of its incorporation, September 29, 1904, to date of valuation, the Bay Shore Connecting Railroad had issued capital stock and incurred nonnegotiable debt to affiliated companies, as disclosed by its records, aggregating \$115,820.41, of which \$59,477.51 was actually outstanding on date of valuation, as summarized in the following table:

Classification	Issued	Retired	Actually outstanding
Capital stock.....	\$55,800 00	-----	\$55,800.00
Nonnegotiable debt to affiliated companies.....	60,020 41	\$56,342.90	3,677.51
Total.....	115,820.41	56,342.90	59,477.51

*Capital stock.*—The Bay Shore Connecting Railroad issued capital stock in the par value of \$55,800, of which \$5,000 was for cash at par and \$50,800 was issued to the joint companies in the discharge of a like amount of nonnegotiable debt.

*Nonnegotiable debt.*—Nonnegotiable debt to affiliated companies was incurred by the receipt of \$60,020.41 construction advances from the joint companies. Of this amount, \$56,342.90 was repaid; \$5,542.90 with cash and \$50,800 by the issue of a like amount of capital stock. The remainder, \$3,677.51, was outstanding on date of valuation, of which \$1,838.75 was due to the Lehigh Valley Railroad Company and \$1,838.76 to The Central Railroad Company of New Jersey.

## RESULTS OF CORPORATE OPERATIONS

Under an agreement dated December 4, 1906, the property of the Bay Shore Connecting Railroad was operated by the joint companies from the date of completion to December 31, 1917, when the common-carrier property was taken over

for operation by the United States Railroad Administration. The agreement of December 4, 1906, obligates the joint companies to pay maintenance, operating, and other charges. The earnings and expenses are included in the general accounts of the joint companies and can not be specifically set forth.

#### INVESTMENT IN ROAD AND EQUIPMENT

The investment in road, including land, there being no equipment, on date of valuation, is stated in the books as \$59,477.51, of which the following is a general analysis:

Road constructed, additions and betterments:	
Recorded money outlay.....	\$38. 50
Nonnegotiable debt to affiliated companies.....	60, 020. 41
	60, 058. 91
Less retirements, proceeds from the sale of lands.....	581. 40
	59, 477. 51

#### ORIGINAL COST TO DATE

The original cost to date of the road, including land, there being no equipment, owned by the Bay Shore Connecting Railroad and used for common-carrier purposes, has not been definitely ascertained. The obtainable data on the outlay for creating and improving the property to date of valuation, are those included in the investment in road and equipment account, as follows:

Recorded money outlay.....	\$60, 058. 91
Less whatever part of the above, not definitely determinable, represents lands sold for proceeds of.....	581. 40

*Cost of lands.*—The Bay Shore Connecting Railroad reports amounts aggregating \$12,289.86 as its outlays in connection with lands owned by it. A verification of the amounts indicates that the reported outlays should be reduced by \$5,237.23, as detailed below:

Estimated miscellaneous, incidental, and attendant costs.....	\$4, 650. 00
Difference between the gross outlays reported as cost of certain parcels of lands when acquired and the amounts reported as costs of such lands remaining after sale of parts of parcels as determined on area pro rata basis. Proceeds from the sales of the parts of such parcels of land not reported.....	587. 23
Net total deductions.....	5, 237. 23

The returns include certain lands for which nominal deed considerations only are reported. The amounts reported as costs for the remaining lands owned, after making the changes noted above, are made up of \$2,593.63 costs supported by accounting records, and \$4,459 of costs which are not supported. These lands have been classified as carrier and are used by the joint companies.

#### LEASED RAILWAY PROPERTY

The property of the Bay Shore Connecting Railroad was operated by the joint companies, under an agreement dated December 4, 1906, from date of completion to January 1, 1918, when the common-carrier property was taken over for operation by the United States Railroad Administration. The joint companies paid in equal parts the expenses of maintenance and operation. The results of operations are included in the general accounts of the joint companies.

## GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement as of date of valuation, is as follows:

ASSETS	
Investments, investment in road and equipment-----	\$59,477.51
LIABILITIES	
Stock, capital stock-----	55,800.00
Long-term debt, nonnegotiable debt to affiliated companies-----	3,677.51
Total-----	59,477.51

## SECTION 4

## Valuation Docket No. 392

## The Allentown Terminal Railroad Company

*Location and general description of property.*—The railroad of The Allentown Terminal Railroad Company, herein called the Allentown Terminal, is a partly double-track, standard-gauge, steam-operated terminal railroad, located at Allentown, Pa. The owned main-track mileage extends from a junction with the Lehigh and Susquehanna Railroad of the Lehigh Coal and Navigation Company in the city of Allentown through Allentown and South Allentown, Pa., to a point where it connects again with the same railroad in the township of Hanover, 3.629 miles, including branches. The Allentown Terminal also owns 3.112 miles of second main track and 7.106 miles of yard tracks and sidings. Its road thus embraces 13.847 miles of all tracks owned. On date of valuation the entire property is jointly used by the Philadelphia and Reading Railway Company and The Central Railroad Company of New Jersey.

*Capital stock and long-term debt.*—The Allentown Terminal had outstanding, on date of valuation, a total par value of \$1,022,251.47 in capital stock and long-term debt, of which \$450,000 represents capital stock, \$450,000 funded debt, and \$122,521.47 nonnegotiable debt to affiliated companies.

*Results of corporate operations.*—The property is operated jointly by The Central Railroad Company of New Jersey and the Philadelphia and Reading Railway Company on a rental basis, the lessees to pay taxes and other charges and maintain the property. During the period of 10 years preceding date of valuation, average annual dividends of 5 per cent have been declared.

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

*Investment in road and equipment.*—The investment in road, including land, no equipment being owned, on date of valuation, is stated in the books as \$1,055,978.51. If readjustments were made this amount would be reduced to \$1,044,728.51 detailed in Appendix 2, of which \$136,542.16, less an undetermined portion thereof assignable to offsetting items recorded at \$473.87, represents considerations other than money, the cash value of which at the time of the transaction we are not able to report, because it has been impossible to obtain the necessary information.

*Cost of reproduction new and cost of reproduction less depreciation.*—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, owned but not used by the Allentown Terminal, including owned portions of joint minor facilities, are as follows:

Classification	Cost of reproduction new	Cost of reproduction less depreciation
Wholly owned but not used, leased to—		
Philadelphia and Reading Railway Company.....	\$345, 736	\$271, 584
The Central Railroad Company of New Jersey.....	691, 471	543, 169
Total.....	1, 037, 207	814, 753

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

*Cost of lands, rights of way, and terminals at the time of dedication to public use, and their present value.*—The Allentown Terminal owns but does not use 55.56 acres of lands that are leased to The Central Railroad Company of New Jersey and the Philadelphia and Reading Railway Company for common-carrier purposes. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable, but the original cost of a portion thereof, so far as supported by accounting records, is \$143,058.90, less the unknown cost of parts of parcels sold for proceeds of \$275. Other data on their original cost will be found in Appendix 2. The areas and present values of these lands are as follows:

Classification	Acres	Present value
Wholly owned but not used, leased to—		
Philadelphia and Reading Railway Company.....	18. 52	\$105, 756
The Central Railroad Company of New Jersey.....	37. 04	211, 512
Total.....	55. 56	317, 268

*Property held for purposes other than those of a common carrier.*—The Allentown Terminal owns and holds for noncarrier purposes 5.90 acres of lands. The total original cost of lands classified as non-carrier can not be ascertained, as the necessary records are not obtainable, but data that are obtainable on their original cost will be found in Appendix 2. The present value of these lands, and improvements thereon, owned by the Allentown Terminal, is \$36,282.

*Aids, gifts, grants of rights of way, and donations.*—The Allentown Terminal reports that no aids, gifts, grants, or donations were received by it. However, 0.32 acre of carrier lands, included in the above summary of carrier lands, present value \$13,072, was acquired by deed reciting a merely nominal consideration and one parcel with no consideration shown in the deed. Since the records do not indicate that any actual payment was made in the acquisition of these parcels, they have been herein designated as apparent aids.

*Material and supplies.*—The Allentown Terminal had no material and supplies on hand on date of valuation.

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

Owned but not used, leased to—

Philadelphia and Reading Railway Company-----	\$382, 000
The Central Railroad Company of New Jersey-----	760, 000
Total-----	<u>1, 142, 000</u>

No working capital, including material and supplies, is found to be owned or used. No other values or elements of the value to which specific sums can now be ascribed are found to exist.

#### APPENDIX 1

*Traffic connections.*—The railroad of the Allentown Terminal has connections at Allentown with the lines of the Philadelphia and Reading Railway Company, The Central Railroad Company of New Jersey, and the Lehigh Valley Railroad Company.

*Physical conditions affecting construction.*—This road is located in the city of Allentown, being elevated throughout the greater portion of its length.

*Economic conditions relating to traffic.*—The principal products of this region are cement, steel products, and anthracite coal.

*Physical characteristics of road.*—The grading is heavy, averaging about 120,000 cubic yards per mile. There are three important double-tracked, through-span bridges; two are through trusses and the third is solid-floor deck-plate girders. The rail in the main track is 100 and 90 pound, laid new. The main tracks are ballasted with cinder and slag.

*Engineering and general expenditures.*—Engineering has been estimated at 4 5 per cent on road accounts 3 to 47, inclusive. General expenditures, exclusive of interest, have been estimated at 1 5 per cent on road accounts 1 to 47, exclusive of account 2. Interest during construction has been estimated for one-half the construction period of 12 months, plus 3 months, at 6 per cent per annum on all road and general-expenditures accounts, except accounts 2 and 76.

## SUMMARY

*Wholly owned but not used, leased to The Central Railroad Company of New Jersey, 66⅔ per cent, and the Philadelphia and Reading Railway Company, 33⅓ per cent*

Account	Classes	Cost of re- production new	Cost of re- production less depre- ciation
I ROAD			
1	Engineering	\$42, 109	\$42, 109
3	Grading	155, 529	152, 843
6	Bridges, trestles, and culverts	302, 721	281, 127
8	Ties	46, 323	29, 474
9	Rails	50, 526	45, 364
10	Other track material	46, 565	29, 838
11	Ballast	15, 756	9, 767
12	Tracklaying and surfacing	35, 125	25, 290
15	Crossings and signs	32, 570	22, 810
16	Station and office buildings	139, 650	93, 508
17	Roadway buildings	922	340
20	Shops and engine houses	1, 783	764
26	Telegraph and telephone lines	324	293
27	Signals and interlockers	48, 067	34, 353
	Total, 1, and 3 to 47, inclusive	977, 875	767, 880
III GENERAL EXPENDITURES			
71	Organization expenses		
72	General officers and clerks		
73	Law		
74	Stationery and printing	14, 668	11, 588
75	Taxes		
77	Other expenditures, general		
76	Interest during construction	44, 664	35, 285
	Total, 71 to 77, inclusive	59, 332	46, 873
	Grand total, 1, and 3 to 77, inclusive	1, 037, 207	814, 753

## APPENDIX 2

## INTRODUCTORY

The Allentown Terminal is a corporation of the State of Pennsylvania, having its principal office at Philadelphia, Pa. The Allentown Terminal is controlled by no individual or corporation. The Central Railroad Company of New Jersey and the Lehigh Coal and Navigation Company own 4,485 and 4,481 shares respectively of the 9,000 shares outstanding. The Allentown Terminal itself does not control any other common-carrier corporation.

The Allentown Terminal has been operated jointly by The Central Railroad Company of New Jersey and the Philadelphia and Reading Railway Company from the date of its completion to December 31, 1917. On January 1, 1918, the property devoted to common-carrier purposes was taken over for operation by the United States Railroad Administration and is so operated on date of valuation.

## CORPORATE HISTORY

The Allentown Terminal was incorporated August 20, 1888, the date of its organization, under a general law of Pennsylvania, approved April 4, 1888. The purpose of the Allentown Terminal was to construct a railroad at a point on the railroad of the Lehigh Coal and Navigation Company (Lehigh and Susquehanna Railroad) in Hanover Township, through the city of Allentown, Pa., to a point near the plant of the Allentown Iron Company.

## DEVELOPMENT OF FIXED PHYSICAL PROPERTY

In October, 1888, the Allentown Terminal commenced the construction of its road, which was completed and placed in operation in 1889.

## HISTORY OF CORPORATE FINANCING

*Syndicating, banking, and other financial arrangements.*—The records of the Allentown Terminal do not indicate any syndicating arrangements in issuance of securities.

*Capital stock and long-term debt.*—From the date of incorporation, August 20, 1888, to date of valuation, the Allentown Terminal has issued capital stock and funded debt and incurred nonnegotiable debt to affiliated companies, as disclosed by its records, aggregating \$1,037,900.71, of which \$1,022,521.47 is outstanding on date of valuation, as summarized in the following table:

Classification	Issued or incurred	Retired	Actually outstanding
Capital stock, par value	\$450 000 00	-----	\$450,000 00
Funded debt, par value	450,000 00	-----	450,000 00
Nonnegotiable debt to affiliated companies	137,900 71	\$15,379 24	122,521 47
Total	1,037,900 71	15,379 24	1,022,521 47

*Capital stock*—The authorized capital stock is \$450,000, all of which was issued for cash at par.

*Funded debt.*—The Allentown Terminal has issued first-mortgage 30-year 4 per cent bonds, dated July 1, 1889, in the par value of \$450,000, for \$438,750 in cash. The difference of \$11,250 between the par value issued and the amount of cash received therefor is charged to investment in road and equipment account. These securities are guaranteed as to principal and interest by the Lehigh Coal and Navigation Company and the Philadelphia and Reading Railway Company.

*Nonnegotiable debt to affiliated companies*—Nonnegotiable debt to affiliated companies was incurred by the receipt of advances from The Central Railroad Company of New Jersey, the Lehigh Coal and Navigation Company, and the Philadelphia and Reading Railway Company, which in the aggregate amounted to \$137,900.17, of which \$1,358 55 was cash and \$136,542 16 was construction. Of this debt \$15,379.24 was repaid with cash, leaving \$122,521.47 outstanding.

## RESULTS OF CORPORATE OPERATIONS

The results of corporate operations, as shown in the income and profit and loss accounts, are given below:

*Income statement.*—A condensed summary of the income accounts for the year ended December 31, 1917, and for the period December 1, 1889, to date of valuation, follows:



	Year	Period
Operating income, railway tax accruals, also total operating loss .....	\$3, 551. 52	\$37, 797. 73
Nonoperating income:		
Income from lease of road .....	44, 048. 48	1, 192, 030. 22
Miscellaneous nonoperating physical property .....		32, 228. 26
Income from unfunded securities and accounts .....	169. 20	7, 075. 38
Total .....	44, 217. 68	1, 231, 333. 86
Gross income .....	40, 666. 16	1, 193, 536. 13
Deductions from gross income:		
Interest on funded debt .....	18, 000. 00	513, 000. 00
Interest on unfunded debt .....		127. 24
Total .....	18, 000. 00	513, 127. 24
Net income .....	22, 666. 16	680, 408. 89
Disposition of net income, dividend appropriations of income .....	22, 500. 00	641, 250. 00
Income balance transferred to credit of profit and loss .....	166. 16	39, 158. 89

*Profit and loss statement.*—The profit and loss account on date of valuation, shows the credit balance of \$39,158. 89 transferred from income.

*Dividends.*—Dividends at the rate of 5 per cent annually have been declared since January 1, 1890.

#### INVESTMENT IN ROAD AND EQUIPMENT

The investment in road, including land, there being no equipment, on date of valuation, is stated in the books as \$1,055,978.51, of which the following is a general analysis:

Road constructed, additions and betterments:

Recorded money outlay .....	\$908, 660. 22
Nonnegotiable debt to affiliated companies .....	136, 542. 16
	1, 045, 202. 38
Less retirements; proceeds from sale of land and materials .....	473. 87
Net total .....	1, 044, 728. 51
Other items; discount sustained in the issue of funded debt .....	11, 250. 00
Balance on date of valuation .....	1, 055, 978. 51

The item shown under "other items" quoted in the foregoing tabulation is not in accord with the present classification of accounts. If that amount were eliminated the balance in the investment in road and equipment account would be decreased to \$1,044,728. 51. The above outlays may include some or all of the cost of noncarrier lands, and some or all of the undetermined portions, assignable to noncarrier lands, of the cost of lands classified therein as partly carrier and partly noncarrier. The Allentown Terminal has not charged to its miscellaneous physical property account any amounts that represent these noncarrier lands. The costs of the above lands, so far as they are indicated by accounting records, together with certain amounts reported by the Allentown Terminal as costs of such lands, but which are not supported in the accounts, are stated in the chapter on original cost to date.

#### ORIGINAL COST TO DATE

The original cost to date of the road, including land, there being no equipment, owned by the Allentown Terminal and used for common-carrier purposes, has not been definitely ascertained.

The obtainable data on the outlay for creating and improving the property to date of valuation are those included in the investment in road and equipment accounts of the Allentown Terminal and of the Philadelphia and Reading Railway Company, a former lessee, as follows:

Recorded money outlay:

By the Allentown Terminal.....	\$908, 660. 22
By the affiliated companies.....	136, 542. 16

Less any outlays, not definitely determinable, that represent land and material sold for proceeds of..... 437. 87

Philadelphia and Reading Railway Company, recorded money outlay:

Charged to investment in road and equipment account.....	\$13, 522. 52	
Charged to improvements on leased railway property account.....	1, 015. 08	14, 537. 60

The above outlay may include the cost of certain lands classified herein as noncarrier and some or all of the undetermined portions, assignable to noncarrier lands, of the cost of lands classified herein as partly carrier and partly noncarrier. The Allentown Terminal has not charged to its miscellaneous physical property account any amounts that represent the noncarrier lands. The costs of the above lands, so far as they are indicated by accounting records, together with certain lands reported by the Allentown Terminal as costs of such lands, but which are not supported by accounts, are stated in the section devoted to cost of lands.

*Cost of lands.*—The Allentown Terminal reports amounts aggregating \$229,230.82 as the outlays by itself in connection with lands and rights owned or used by it, including noncarrier lands, and that the proceeds of parts of parcels of such lands or rights aggregate \$275. A verification of the amounts indicates that the reported outlays should be reduced by \$8,300, representing estimated miscellaneous, incidental, and attendant costs.

The returns include certain lands for which nominal deed considerations only are reported; certain streets and highways vacated to the Allentown Terminal by municipalities without reported considerations; certain lands for which there is no reference to evidence of title, and certain rights in public domain and rights in private lands for which there are no costs reported. The amounts reported as costs for the remaining lands owned, after making the changes noted, are made up in part of costs supported by accounting records and in part of substantial considerations named in deeds or other instruments which the Allentown Terminal returned as costs but which are not supported by accounting records. These amounts and the proceeds from sales of parts of parcels sold, both classified according to the classification herein of the lands to which they apply, are summarized below:

Classification	Costs supported by accounting records	Amounts not supported by accounting records
Lands classified as carrier:		
Owned but used jointly by The Central Railroad Company of New Jersey and the Philadelphia and Reading Railway Company.....	\$143, 058. 90	\$14, 900
Less the portions, not definitely determinable, assignable to parts of parcels sold for proceeds of.....	275. 00	
Lands classified as noncarrier, owned.....	2, 000. 00	
Lands classified as partly carrier and partly noncarrier, owned but partly used by The Central Railroad Company of New Jersey and the Philadelphia and Reading Railway Company.....	45, 471. 92	15, 500

## MISCELLANEOUS PHYSICAL PROPERTY

The Allentown Terminal has no account for investment in miscellaneous physical property. However, certain lands owned by it have been classified herein as noncarrier and certain lands have been classified as partly carrier and partly noncarrier. A summary of the costs, reported by the Allentown Terminal as applying thereto, is stated in the chapter on original cost to date. The portion of such costs that would be includible in the miscellaneous property account has not been indicated by the records reviewed.

## AIDS, GIFTS, GRANTS, AND DONATIONS

The Allentown Terminal reports that it has not received any aids, gifts, grants, or donations and none was found of record. The report of the Allentown Terminal on the costs of its lands shows that one parcel was acquired by it through a deed reciting a merely nominal consideration and one parcel with no consideration shown. Since the records so not indicate that any actual payment was made in the acquisition of these parcels, they have been herein designated as apparent aids.

## LEASED RAILWAY PROPERTY

By an agreement dated July 10, 1889, the Allentown Terminal leased its tracks and other facilities to the Lehigh Coal and Navigation Company and the Philadelphia and Reading Railway Company for a term of 999 years. On the same day the Lehigh Coal and Navigation Company assigned its leasehold rights to The Central Railroad Company of New Jersey for a like term of years, unless The Central Railroad Company of New Jersey sooner terminated its lease of the Lehigh and Susquehanna Railroad of the Lehigh Coal and Navigation Company. The stipulated annual rental is \$40,500, being equal to 5 per cent on the outstanding capital stock and 4 per cent interest on the funded debt. The lessees are obliged to pay the taxes and other charges and maintain the property. The recorded income from the lease of road for the calendar year next preceding date of valuation was \$44,048.48.

## GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement, as of date of valuation, is as follows:

ASSETS	
Investments, investment in road and equipment.....	\$1,055,978.51
Current assets:	
Cash.....	14,288.65
Miscellaneous accounts receivable.....	1,709.20
Rents receivable.....	8,776.18
Total.....	<u>24,774.03</u>
Grand total.....	<u>1,080,752.54</u>
LIABILITIES	
Stock, capital stock.....	<u>450,000.00</u>
Long-term debt:	
Funded debt unmatured.....	450,000.00
Nonnegotiable debt to affiliated companies.....	122,521.47
Total.....	<u>572,521.47</u>
Current liabilities, interest matured unpaid.....	<u>10,180.00</u>

Unadjusted credits:	
Tax liability.....	\$5, 401. 18
Other unadjusted credits.....	3, 491. 00
Total.....	8, 892. 18
Surplus, profit and loss, credit balance.....	39, 158. 89
Grand total.....	1, 080, 752. 54

## SECTION 5

## Valuation Docket No. 417

## The New York and Long Branch Railroad Company

*Location and general description of property.*—The railroad of The New York and Long Branch Railroad Company, herein called the New York and Long Branch, is a standard-gauge, double-track, steam railroad located wholly in the State of New Jersey. The owned main line consists of two disconnected sections, one extending from Perth Amboy to Sea Girt and one from Sea Girt to Bay Head Junction, 39.353 miles. In addition, it owns 37.792 miles of second and other main track and 42.993 miles of yard tracks and sidings. Its road thus embraces 120.444 miles of all tracks. The New York and Long Branch has trackage rights over about one-quarter of a mile of road at Sea Girt, owned by The Freehold and Jamesburg Agricultural Railroad Company, which joins the two disconnected sections of its line. The New York and Long Branch owns no equipment. The Pennsylvania Railroad Company and The Central Railroad Company of New Jersey severally have trackage rights over the entire line.

*Capitalization.*—The New York and Long Branch had outstanding, on date of valuation, a total par value of \$5,500,767.86 in stocks and long-term debt, of which \$2,000,000 represents common stock, \$2,500,000 funded debt, and \$1,000,767.86 nonnegotiable debt.

*Results of corporate operations.*—The New York and Long Branch retains the earnings from traffic over its road to the extent that it covers the interest on its funded debt, dividends of 7 per cent on its capital stock, and organization expenses. The Central of New Jersey and the Pennsylvania Railroad contribute the deficit or share the surplus. During the period of 10 years preceding date of valuation average annual dividends of 7 per cent on common stock have been declared.

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

*Investment in road and equipment.*—The investment in road, including land, on date of valuation, no equipment being owned, is stated in the books of the New York and Long Branch as \$5,401,870.12. If readjustments were made, this amount would be reduced to \$5,085,716.62, detailed in Appendix 2, of which \$3,298,316.68, less an undetermined portion thereof assignable to offsetting items recorded at \$272,285.65, represents considerations other than cash, the money value of which at the time of the transactions we are not able to report because it has been impossible to obtain the necessary information.

*Cost of reproduction new and cost of reproduction less depreciation.*—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land and material and supplies, owned and used by the New York and Long Branch, including owned portions of joint minor facilities, are \$5,662,335 and \$4,601,963, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in Appendix 1.

*Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.*—The New York and Long Branch owns and uses for common-carrier purposes 534.06 acres of lands. It uses for common-carrier purposes but does not own 7.47 acres which it leases from private parties. The total original cost of lands owned and used by the New York and Long Branch for carrier purposes can not be ascertained, as the necessary records are not obtainable, but the original cost of a portion of these lands, so far as supported by the accounting records, is \$424,962.06, less the unknown cost of parts of parcels sold for proceeds of \$23,450. Other data on their original cost will be found in Appendix 2. The areas and present values of carrier lands owned or used are as follows:

Classification	Acres	Present value
Wholly owned and used.....	534.06	1, 529, 151. 89
Used but not owned, leased from private parties.....	7.47	109, 477. 25
Total owned.....	534.06	1, 529, 151. 89
Total used.....	541.53	1, 638, 629. 14

*Property held for purposes other than those of a common carrier.*—The New York and Long Branch owns and holds 11.40 acres of lands classified by us as noncarrier, the original cost of which can not be ascertained, as the necessary records are not obtainable, but data that are obtainable on their original cost will be found in Appendix 2. The present value of the 11.40 acres of noncarrier lands and improvements thereon, owned by the New York and Long Branch, is \$38,302.

The present value of noncarrier structures on carrier land is \$2,000. The balance in the investment in miscellaneous physical property account, on date of valuation, is \$46,923.44, representing noncarrier lands. It is not known whether any or all of these lands are included in the above statement of noncarrier lands owned. The investment in other companies on date of valuation is recorded in the books as \$75,016.78, representing an open account with the Central of New Jersey covering proceeds from the sale of property and income from miscellaneous physical property.

*Aids, gifts, grants of rights of way, and donations.*—Of the lands owned by the New York and Long Branch and included in the preceding summaries, 70.71 acres of carrier lands, present value \$647,-625.55, and 5.50 acres of noncarrier lands, present value \$11,235.50, were acquired through aides. Title to these lands being conveyed by deeds reciting nominal consideration only, we are not able to report their value at the time acquired.

*Material and supplies.*—The book value of material and supplies on hand on date of valuation, as shown in the accounts of the United States Railroad Administration, is \$73,110.44.

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

Wholly owned and used.....	\$6, 210, 000
Used but not owned, leased from private parties.....	109, 477
Total owned.....	6, 210, 000
Total used.....	6, 319, 477

The sum of \$10,000 is included in the value stated as wholly owned and used on account of working capital, consisting entirely of material and supplies. No other values or elements of value to which specific sums can now be ascribed are found to exist.

## APPENDIX 1

*Traffic connections.*—The New York and Long Branch has direct connections with other carriers for interchange of traffic, as follows:

Connecting point	Carrier
Branchport, Long Branch, Matawan, Perth Amboy, and Red Bank.	Central of New Jersey.
Sea Girt.....	The Freehold and Jamesburg Agricultural Railroad Company.
Bay Head Junction and South Amboy.....	Pennsylvania Railroad.
South Amboy.....	Raritan River Railroad Company.

*Physical conditions affecting construction.*—The country traversed is gently rolling with soil in the northern end of clay predominating and sand in the south.

*Economic conditions relating to traffic.*—The principal development of the country has been along residential and recreational lines. Farms and industries are comparatively few but there are many residential communities and, at the southern end of the road, numerous beach resorts.

*Equipment.*—The New York and Long Branch owns no equipment.

*Engineering and general expenditures.*—Engineering has been estimated at 45 per cent on the road accounts 3 to 47. General expenditures, exclusive of interest, have been estimated at 1.5 per cent upon the road accounts 1 to 47, inclusive, exclusive of account 2. Interest during construction has been estimated for one-half the construction period of 24 months plus 3 months, at 6 per cent per annum on all road and general-expenditures accounts, except accounts 2 and 76.

## SUMMARY

*Wholly owned and used, including owned portions of joint minor facilities.*

Account	Classes	Cost of re-production new	Cost of re-production less depreciation
I. ROAD			
1	Engineering.....	\$211,560	\$211,560
3	Grading.....	647,474	625,389
6	Bridges, trestles, and culverts.....	1,880,378	1,686,378
8	Ties.....	320,658	219,807
9	Rails.....	461,451	366,384
10	Other track material.....	215,888	135,685
11	Ballast.....	197,844	141,771
12	Tracklaying and surfacing.....	224,895	161,925
13	Right-of-way fences.....	2,905	1,451
15	Crossings and signs.....	200,315	147,283
16	Station and office buildings.....	572,554	345,717
17	Roadway buildings.....	9,209	4,691
18	Water stations.....	53,822	39,503
19	Fuel stations.....	6,097	5,700
20	Shops and engine houses.....	19,394	11,939
26	Telegraph and telephone lines.....	6,469	5,747
27	Signals and interlockers.....	151,814	106,574
32	Power-distribution systems.....	78	56
37	Roadway machines.....	1,825	955
38	Roadway small tools.....	4,815	2,408
Total, 1, and 3 to 47, inclusive.....		5,189,446	4,218,923
III. GENERAL EXPENDITURES			
71	Organization expenses.....	77,842	63,052
72	General officers and clerks.....		
73	Law.....		
74	Stationery and printing.....		
75	Taxes.....		
77	Other expenditures, general.....	395,047	319,988
76	Interest during construction.....	472,889	383,040
Total, 71 to 77, inclusive.....		472,889	383,040
Grand total, 1, and 3 to 77, inclusive.....		5,662,335	4,601,963

## APPENDIX 2

## NEW YORK AND LONG BRANCH

## INTRODUCTORY

The New York and Long Branch is a corporation of the State of New Jersey, having its principal office at Long Branch, N. J. It is controlled, through ownership of its entire outstanding capital stock, by the Central of New Jersey. From the date its property was placed in operation, the property of the New York and Long Branch was operated by the Central of New Jersey, under a lease agreement, until January 2, 1882. From this date it was operated by itself under the terms of joint agreements, dated January 3, 1882, and January 2, 1888, between the New York and Long Branch, the Central of New Jersey, the New Jersey Southern Railway Company, and the Pennsylvania Railroad, until December 31, 1917. The rights of the Central of New Jersey under the agreement of January 3, 1882, were exercised by the Philadelphia and Reading as lessee during the period May 29, 1883, to December 31, 1886. On October 16, 1917, the Central of New Jersey succeeded to the rights of the New Jersey Southern. Effective January 1, 1918, the common-carrier property of the New York and Long Branch was taken over for operation by the United States Railroad Administration, which operated it on date of valuation.

## CORPORATE HISTORY

The New York and Long Branch was incorporated April 8, 1868, under a special law of New Jersey, with principal office at Long Branch, N. J., for the purpose of constructing a railroad. Acts supplementary to the one of incorporation were approved on March 30, 1869, April 1, 1869, February 28, 1871, and April, 1875. The following chart shows the names of the corporations, the respective dates of incorporation, and for each predecessor the date of succession, the immediately succeeding corporation, and the manner of succession. Reference to each of these corporations is made in the last column by its respective number shown in the first column.

No.	Name	Incorporation	Succession
1	The New York and Long Branch Railroad Company.	Under special act of New Jersey, Apr. 8, 1868.	
2	The New Egypt and Farmingdale Railroad Company.	Under special acts of New Jersey Mar. 17, 1869, Apr. 5, 1871, Feb. 20, 1872, Mar. 24, 1874.	Dec. 20, 1881, merged with 1.
3	The Long Branch and Sea Girt Railroad Company.	Under general laws of New Jersey, June 18, 1875.	Dec. 20, 1881, merged with 1.
4	The New York and Long Branch Extension Railroad Company.	Under general laws of New Jersey, Mar. 10, 1880.	Dec. 20, 1881, merged with 1.
5	The Long Branch and Barnegat Bay Railroad Company.	Under general laws of New Jersey, Sept. 23, 1880.	Dec. 20, 1881, merged with 1.

## DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The New York and Long Branch acquired its railroad property by merger and by construction. The years when the various portions of the line were constructed and the manner in which the New York and Long Branch acquired the property are indicated in the following table, wherein, to facilitate comparison with the table showing the corporate succession, previously given, the same order of corporation is maintained:



By merger, Dec. 20, 1881, from and constructed by—	Mileage
The Long Branch and Barnegat Bay Railroad Company (completed by the New York and Long Branch), Point Pleasant to Bay Head Junction, N. J., 1881.....	1. 000
The New Egypt and Farmingdale Railroad Company, Long Branch to Belmar, N. J. (formerly Ocean Beach), 1876.....	8. 300
The Long Branch and Sea Girt Railroad Company, Belmar to Sea Girt, N. J., 1876.....	3. 500
The New York and Long Branch Extension Railroad Company, Sea Girt to Point Pleasant, N. J., 1880.....	2. 800
Total acquired by merger.....	15. 600
By construction, Perth Amboy to Long Branch, N. J., 1875.....	22. 440
Total.....	38. 040
Difference between recorded mileage and mileage inventoried.....	1. 313
Mileage inventoried as of date of valuation.....	39. 353

## HISTORY OF CORPORATE FINANCING

*Capital stock and long-term debt.*—From the date of its incorporation to date of valuation, the New York and Long Branch has issued capital stock and funded debt and incurred nonnegotiable debt to affiliated companies, as indicated by its records, aggregating \$10,967,313.80 par value, of which \$5,500,767.86 is actually outstanding, as summarized in the following table:

Class	Issued or incurred	Retired	Outstanding
Capital stock.....	\$2,000,000.00		\$2,000,000.00
Funded debt.....	4,000,000.00	\$1,500,000.00	2,500,000.00
Nonnegotiable debt.....	4,967,313.80	3,966,545.94	1,000,767.86
Total.....	10,967,313.80	5,466,545.94	5,500,767.86

*Capital stock.*—The New York and Long Branch has issued \$2,000,000 par value of capital stock; \$1,500,000 to The Central of New Jersey in settlement of a like amount of nonnegotiable debt and \$500,000 which was sold for \$500,060 in cash. The premium received was credited to investment in road and equipment.

*Funded debt.*—The considerations in the issue of funded debt are shown in the following schedule:

Par value	Consideration	Recorded amount
\$2,400,000	Cash.....	\$2,316,000
1,500,000	Funded debt retired par value.....	1,500,000
100,000	Issued to Central of New Jersey without consideration.....	
	Total considerations.....	3,816,000
	Discount charged to investment in road and equipment.....	84,000
4,000,000	Total par value.....	4,000,000

During the year 1889 the New York and Long Branch issued to the Central of New Jersey \$100,000 par value of first-mortgage bonds in anticipation of the receipt of advances. The anticipated advances were apparently never made, and during the year 1900 this amount was debited to its investment in road and equipment account. The funded debt outstanding on date of valuation consisted of a

single issue of general-mortgage, 50-year, 4 and 5 per cent bonds dated September 1, 1891, in total amount \$2,500,000.

*Nonnegotiable debt to affiliated companies.*—The New York and Long Branch has incurred and repaid nonnegotiable debt to affiliated companies in exchange for the following considerations

Incurrd	Consideration	Repaid
\$400,413 60	Cash -----	\$2,498,197 24
2,718,494 37	Construction of property -----	-----
120,166 66	Book value of investment securities of the New York and Long Branch Extension Railroad Company acquired and subsequently written off as a part of cost of road -----	-----
150 00	Real estate mortgages acquired -----	-----
1,728,089 17	Operating surplus retained -----	-----
	Capital stock issued -----	1,500 000 00
	Total repayment -----	3,998,197 24
4,967,313 80	Total debt incurred -----	
31,651 30	Excess in repayment -----	
	Outstanding on date of valuation -----	1,000,767 86
4,998 965 10		4,998,965 10

## RESULTS OF CORPORATE OPERATIONS

The property devoted to the purposes of a common carrier was taken over for operation by the United States Railroad Administration as of January 1, 1918, and was being so operated on date of valuation. However, there were no income or profit and loss items entered in the Federal books of the New York and Long Branch to June 30, 1918. Such items of this class as are applicable to the period from January 1, 1918, to date of valuation, are reflected in the corporate books of the New York and Long Branch and in the Federal accounts of the Central of New Jersey and the Pennsylvania Railroad. Prior to July 1, 1881, no entries were made in the accounts of the New York and Long Branch for the purpose of recording its operating results.

*Income statement*—A condensed summary of the income statement for the year ended December 31, 1917, and for the period from July 1, 1881, to date of valuation, follows.

	Year	Period
Operating income (deficit), railway tax accruals	\$103 826 07	\$846,402 10
Nonoperating income		
Joint liability rent income	351,746 07	3,366,516 77
Income from lease of road		6,008,183 37
Total nonoperating income	351,746 07	9,374,700 14
Gross income	247 920 00	8,528 298 04
Deductions from gross income		
Hire of equipment		47,454 67
Interest on funded debt	101 920 00	3,078 843 37
Maintenance of investment organizations	6 000 00	222,000 00
Total	107 920 00	3,348,298 04
Net income	140 000 00	5,180 000 00
Disposition of net income, dividend appropriations of income	140 000 00	5,180,000 00

*Profit and loss statement.*—A condensed summary of the profit and loss accounts for the period from July 1, 1881, to date of valuation, follows:

**Credits:**

## Delayed income credits—

Miscellaneous rent income.....	\$4, 872. 92	
Income from unfunded securities and accounts	2, 682. 99	
Miscellaneous income.....	40. 12	
		<u>\$7, 596. 03</u>

## Miscellaneous credits—

Adjustment of the book value of road and equipment for the purpose of increasing its investment to equal the sum of the par value of securities outstanding.....	112, 880. 76	
Adjustment of the book value of miscellaneous physical property.....	5, 450. 00	
Other miscellaneous items.....	961. 13	
		<u>119, 291. 89</u>

Total credits.....		<u><u>126, 887. 92</u></u>
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**Debits:**

Delayed income debits (railway tax accruals).....	4, 222. 70	
Credit balance at date of valuation.....	122, 665. 22	
		<u>126, 887. 92</u>

*Dividends.*—Since July 1, 1881, annual dividends at the rate of 7 per cent have been declared.

## INVESTMENT IN ROAD AND EQUIPMENT

The investment in road and equipment, including land, on date of valuation is stated in the books as \$5,401,870.12, of which the following is a general analysis:

Road acquired by merger of Dec. 20, 1881:

## The New Egypt and Farmingdale Railroad Company—

Investment securities written off—

Stock acquired in settlement of advances due.....	\$200, 000. 00	
Cancellation of advances due.....	113, 193. 01	
		<u>\$313, 193. 01</u>

## The Long Branch and Sea Girt Railroad Company, investment securities written off—

Stock acquired through nonnegotiable debt

incurred.....	50, 000. 00	
Cancellation of advances due.....	48, 285. 24	
		<u>98, 285. 24</u>

## The New York and Long Branch Extension Railroad Company, investment securities written off—

Stock and bonds acquired through nonnegotiable debt incurred—

Stock, book value.....	\$67, 000. 00	
Bonds, book value.....	53, 166. 66	
		<u>117, 000. 00</u>
Cancellation of advances due.....	16, 216. 31	
		<u>133, 216. 31</u>

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Road acquired by merger of Dec. 20, 1881—Contd.		
The Long Branch and Barnegat Bay Railroad Company (partly constructed), cancellation of advances due.....		<u>\$27, 438. 49</u>
Total.....		572, 133. 05
Road constructed, additions and betterments, and completion of the line projected and partly constructed by The Long Branch and Barnegat Bay Railroad Company and additions and betterments:		
Recorded money outlay by New York and Long Branch.....	\$2, 059, 685. 59	
Nonnegotiable debt incurred.....	2, 707, 727. 29	
		<u>4, 767, 412. 88</u>
Total of above.....		5, 339, 545. 93
Less retirements and other credits:		
Reduction on account of lands withdrawn from railroad purposes, credited at.....	100, 000. 00	
Award for opening street.....	300. 00	
Proceeds from sale of property and insurance recovered from other property, credited at..	33, 641. 76	
Proceeds from sale of old stations, houses, bridge scrap and rails, credited at.....	4, 395. 32	
Rents and interest collected during construction, and miscellaneous collections.....	10, 565. 10	
Proceeds from sale of new material during construction, credited at.....	11, 263. 12	
Pennsylvania Railroad charged and this account credited, no details obtained.....	100, 000. 00	
		<u>260, 165. 30</u>
Net total of above items.....		5, 079, 380. 63
Other items, net charges not in accordance with the present classification of accounts.....		322, 489. 49
Debits—		
Discount sustained in sale of first-mortgage bonds.....	\$84, 000. 00	
First-mortgage bonds issued to the Central of New Jersey for which no consideration was recorded.....	100, 000. 00	
Excess of payment to the Central of New Jersey over the amount payable.....	31, 651. 30	
Accrued interest on bonds of the New York and Long Branch Extension Railroad Company acquired, treated as part of purchase price.....	3, 166. 66	
Excess of the par value of securities outstanding over the balance in the investment in road and equipment account, credited to profit and loss.....	112, 880. 76	
Total.....		<u><u>331, 698. 72</u></u>

## Other items—Continued.

## Credits—

Donations.....	\$2, 000. 00
Premium on capital stock.....	60. 00
Cash advanced for organization not repaid.....	40. 00
Interest earned during the year 1882 on the cash proceeds from the sale of first-mortgage bonds in excess of the interest accrued and payable on these securities for 3 months to Apr. 1, 1882.....	7, 109. 23
<b>Total.....</b>	<b>9, 209. 23</b>

Total recorded as of date of valuation.....\$5, 401, 870. 12

The carrier claims that the above total includes \$9,120.35 representing the cost of a station at Interlaken, N. J., which was retired prior to date of valuation and not replaced, and that the railroad administration expended \$18,456.34 for additions and betterments and collected insurance of \$3,000 on property destroyed by fire and not replaced, to date of valuation, which were not recorded in the books of the carrier at that date.

If the item of \$9,120.35 were eliminated from, and the items of \$18,456.34 and \$3,000 were transferred to, the investment in road and equipment account, and if the other items then contained therein were taken at their recorded values, the balance in the above account would be reduced by \$316,153.50, or to \$5,085,716.62.

This adjusted amount would be the result, on the one hand, of gross outlays that consist, in part, of considerations other than cash recorded at \$3,298,316.68, and, on the other hand, of items deductible from the gross outlays recorded at \$272,285.65, but not deductible at the recorded amounts from any particular class or classes of outlays. The cash value at the time of the transactions of the considerations other than cash is not known and can not be definitely determined, because it has not been possible to obtain the necessary information.

The balance in the investment in road and equipment account, if adjusted to the above extent, so far as it is resolvable into the kinds of considerations, would comprise the following classes of recorded outlays:

Recorded money outlay.....	\$2, 059, 685. 59
Nonnegotiable debt to affiliated companies, recorded amount....	2, 707, 727. 29
Credit given the United States Railroad Administration in open account for cash expenditures by it.....	18, 456. 34
Investment securities acquired with money outlay of.....	200, 000. 00
Investment securities acquired through debt incurred.....	167, 000. 00
Cancellation of advances due.....	205, 133. 05

Less whatever portions, not definitely determinable, represent:

Deduction on account of land withdrawn from railroad purposes, credited at.....	100, 000. 00
Award for opening street.....	300. 00
Proceeds from sale of property and insurance recovered on property destroyed by fire and not replaced.....	38, 037. 08
Station at Interlaken, N. J., retired and not replaced.....	9, 120. 35
Rents and interest collected during construction and other miscellaneous collections.....	10, 565. 19
Proceeds from new material during construction.....	11, 263. 12

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Less whatever portions, not definitely determinable, represent—  
Continued.

Pennsylvania Railroad charged and this account credited, no details obtained.....	\$100, 000. 00
Insurance received by the United States Railroad Administration for property destroyed by fire and not replaced....	3, 000. 00

The above outlays include the undeterminable cost of certain property sold by the Jersey Central which retained the proceeds from the sale.

## ORIGINAL COST TO DATE

The original cost to date of the road, including land, there being no equipment, owned by the carrier and used for common-carrier purposes, has not been definitely ascertained.

For about 2.8 miles of road constructed by The New York and Long Branch Extension Railroad Company, a predecessor in ownership, no accounting or construction records have been found. For creating and improving the remaining 36.553 miles of road, including land, there being no equipment, acquired from predecessors, and for additions and betterments to the entire property, the data obtained are as follows:

Recorded money outlay:

By the New York and Long Branch.....	\$2, 059, 685. 59
By affiliated companies.....	2, 707, 727. 29
By the railroad administration.....	18, 456. 34

Less whatever portions, not definitely determinable, represent.

Book value of land withdrawn from railroad purposes, credited at.....	100, 000. 00
Award for opening street.....	300. 00
Proceeds from sale of property and insurance recovered on property destroyed by fire and not replaced.....	50, 157. 43
Rents, interest, and other miscellaneous collections during construction.....	10, 565. 10
Proceeds from sale of new material during construction....	11, 263. 12
Pennsylvania Railroad charged and investment in road and equipment account credited, no details obtained.....	100, 000. 00
The New Egypt and Farmingdale Railroad Company, recorded money outlay.....	313, 193. 01
The Long Branch and Sea Girt Railroad Company, recorded money outlay.....	98, 285. 24
The Long Branch and Barnegat Bay Railroad Company, recorded money outlay.....	27, 438. 49

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

Recorded money outlay.....	\$4, 785, 869. 22
Less any portions, not definitely determinable, represent:	
Book value of land withdrawn from railroad purposes.....	100, 000. 00
Award for opening street.....	300. 00
Proceeds from sale of property and insurance recovered on property destroyed by fire and not replaced.....	41, 037. 08
Station at Interlaken, N. J., retired and not replaced.....	9, 120. 35

Less any portions, not definitely determinable, represent—Continued.

Rents, interest and other miscellaneous collections during construction.....	\$10,565.10
Proceeds from sale of new material during construction....	11,263.12
Pennsylvania Railroad charged and investment in road and equipment credited, no details obtained.....	100,000.00

The above outlays include the undeterminable cost of certain property sold by the Central of New Jersey which retained the proceeds from the sale.

In addition, the published report of the State of New Jersey shows the outlay for the road of the New York and Long Branch Extension at December 31, 1880, was \$123,652.69. The above-cited outlay may include the cost of property which was subsequently sold and the proceeds retained by the Central of New Jersey. On the other hand they do not include the \$306,225.35 which purports to be the portion of the Central of New Jersey of the recorded money outlay for construction of a drawbridge at Perth Amboy, N. J. In the absence of full information as to why these items were treated as debits and credits in the profit and loss account of the Central of New Jersey instead of being credited and charged to the property accounts of the New York and Long Branch, these amounts have not been included in the foregoing summary of outlays. The outlay may also include some or all of the cost of noncarrier lands, and some or all of the indeterminate part, assignable to noncarrier uses, of the cost of lands used partly for carrier and partly for noncarrier purposes, as it was not determined what part of the cost of these lands was included by the New York and Long Branch, purporting to be its investment in miscellaneous physical property on date of valuation.

*Cost of lands.*—The New York and Long Branch reports amounts aggregating \$593,391.64 as the outlays by itself and its predecessors in connection with lands and rights owned or used by it, including noncarrier lands, and that the proceeds from the sale of parts of parcels of such lands aggregate \$57,802.50. A verification of the amounts indicates that the reported outlays should be reduced by \$61,460.12 and that the proceeds from the sale of parts of parcels should be reduced by \$10, as detailed below:

Description	Amount	Proceeds from sales
<b>Deductions:</b>		
Estimated miscellaneous, incidental, and attendant costs.....	\$47,135.52	-----
Costs reported for rights included.....	738.50	-----
Difference between the gross outlays reported as costs of certain parcels of lands when acquired and the amounts reported as costs of such lands remaining after sale of parts of parcels as determined on area pro rata basis.		
Proceeds from the sales of parts of such parcels of land not reported.....	13,586.10	-----
Nominal considerations on sales.....		\$10.00
<b>Total.....</b>	<b>61,460.12</b>	<b>10.00</b>

The returns include certain lands for which nominal deed considerations only are reported, certain lands held by adverse possession, certain lands for which there is no reference to evidence of title, certain lands for which the considerations recited in deeds are other than of a monetary value, and certain rights in public domain and private lands for which no costs are reported. The amounts reported as cost for the remaining lands owned, after making the changes noted, are made up in part of costs supported by accounting records and in part of substantial considerations named in deeds, which were returned as costs but which

are not supported by accounting records. These amounts and the proceeds from parts of parcels sold, both classified according to the classification herein of the lands and rights to which they apply, are summarized as follows:

Classification	Costs supported by accounting records	Amounts not supported by accounting records
<b>Lands classified as carrier:</b>		
Owned and used.....	\$424,962.06	\$48,032.92
Less any portions, not definitely determinable, assignable to parts of parcels sold for proceeds of.....	23,450.00	-----
Owned but used jointly by Central of New Jersey and the Pennsylvania Railroad.....	898.62	-----
Used but not owned.....	2,000.00	-----
Lands classified as noncarrier, owned.....	750.00	1,918.00
<b>Lands classified as partly carrier and partly noncarrier:</b>		
Owned.....	53,000.00	1,108.42
Less any portions, not definitely determinable, assignable to parts of parcels sold for proceeds of.....	34,342.50	-----

MISCELLANEOUS PHYSICAL PROPERTY

The investment in miscellaneous physical property on date of valuation is stated in the books as \$46,923.44, of which an analysis follows:

Recorded estimated value of lands reclassified or lands withdrawn from railroad uses.....	\$99,850.00
Adjustment of book value of lands to agree with appraisal values, credited profit and loss.....	5,450.00
Money outlay for other lands.....	24,960.73
<b>Total.....</b>	<b>130,260.73</b>
Less proceeds from the sale of property.....	83,337.29
	<b>46,923.44</b>

INVESTMENTS IN OTHER COMPANIES

The investments in other companies, on date of valuation, are stated in the records at a total book value of \$75,016.78. This amount represents an account with the Central of New Jersey and includes the proceeds from the sale of property and the income from miscellaneous physical property

LEASED RAILWAY PROPERTY

Solely owned and jointly used, used with—

Rental

The Pennsylvania Railroad and the Central of New Jersey, under an agreement dated Jan. 2, 1888, providing trackage rights over the entire line to these two companies, which furnish the entire train service. The New York and Long Branch retains the earnings from traffic over its road to the extent that it pays the interest on its funded debt, dividends of 7 per cent on its capital stock, and \$6,000 yearly for organization expenses. The Central of New Jersey and the Pennsylvania Railroad contribute the deficit or share the surplus, as the case may be, in proportion to the traffic contributed. The income for the use of its railroad property for the year ended Dec. 31, 1917, was recorded as joint-facility rent income, including railway tax accruals \$103,826.07, interest on funded debt \$101,920, dividends on capital stock \$140,000, and maintenance of investment organization \$6,000, aggregating.....

\$351,746.07



Solely owned and jointly used, used with—Continued.

The Central of New Jersey—

Station facilities at Branchport, on basis that the Jersey Central pays the New York and Long Branch \$70 per month on salaries of station employees. No rental recorded.

Station facilities at Matawan, on basis that the Central of New Jersey pays the New York and Long Branch \$90 per month for use. No rental recorded.

Station facilities at Red Bank, on basis that the Central of New Jersey pays the New York and Long Branch \$50 per month on employees. No rental recorded.

Chestnut Street crossing protection at Red Bank, on basis that the Central of New Jersey pays the New York and Long Branch \$13 per month toward salary of flagman. No rental recorded.

Station facilities at West End, on basis that the Central of New Jersey pays the New York and Long Branch \$60 per month toward salaries. No rental recorded.

Brighton Avenue crossing protection at West End, on basis that the Central of New Jersey pays the New York and Long Branch \$25 per month toward salary of flagman. No rental recorded.

The Freehold and Jamesburg Agricultural Railroad Company—

Tracks at Sea Girt from center of passenger station northerly for 1,500 feet, on basis of like use of its tracks from same point southerly for 1,500 feet. No rental recorded.

Jointly owned and jointly used, with—

The Central of New Jersey—

Tower and interlocker at Branchport, on basis of ownership, operation, and maintenance, divided 91 per cent to the New York and Long Branch and 9 per cent to the Central of New Jersey. No rental recorded.

Tower and interlocker at Matawan, on basis of ownership, operation, and maintenance, divided 73 per cent to the New York and Long Branch and 27 per cent to the Central of New Jersey. No rental recorded.

Tower and interlocker at Red Bank, on basis of ownership, operation, and maintenance, divided 62 per cent to the New York and Long Branch and 38 per cent to the Central of New Jersey. No rental recorded.

Tower and interlocker at West End, on basis of ownership, operation, and maintenance, divided 30 per cent to the New York and Long Branch and 70 per cent to the Central of New Jersey. No rental recorded.

Jointly owned and jointly used, with—Continued.

Pennsylvania Railroad—

Tower and interlocker at Sea Girt, on basis of 50 per cent ownership by each of tower; and interlocker owned on basis of right-of-way line. Operation and maintenance paid in equal parts by users. No rental recorded.

Tower and interlocker at South Amboy, on basis of ownership, operation, and maintenance, divided 55 per cent to the New York and Long Branch and 45 per cent to the Pennsylvania Railroad. No rental recorded.

The Freehold and Jamesburg Agricultural Railroad Company—

Freight and passenger stations at Sea Girt, on basis of 50 per cent ownership by each company. No rental recorded.

Jointly used, but not owned, used with the Freehold and Jamesburg Agricultural Railroad Company: Tracks at Sea Girt from center of passenger station southerly for 1,500 feet, on basis of like use of tracks of the New York and Long Branch from same point northerly for 1,500 feet. No rental recorded.

GENERAL BALANCE SHEET STATEMENTS

The general balance sheet statement of the New York and Long Branch, as of date of valuation, is as follows:

ASSETS

Investments:

Investment in road and equipment.....	\$5, 410, 522. 18
Miscellaneous physical property.....	46, 923. 44
Other investments (advances).....	75, 016. 78
Total.....	<u>5, 532, 462. 40</u>

Current assets:

Demand loans and deposits.....	725. 00
Special deposits.....	51, 565. 00
Traffic and car-service balances receivable.....	970. 35
Miscellaneous accounts receivable.....	68, 347. 08
Total.....	<u>121, 607. 43</u>

Deferred assets:

Working-fund advances.....	50. 00
Other deferred assets—	
“U. S. Government,” agents and conductor balances Dec. 31, 1917.....	\$49, 618. 66
“U. S. Government,” cash Dec. 31, 1917..	119, 345. 46
“U. S. Government,” material and sup- plies Dec. 31, 1917.....	<u>54, 286. 80</u>
	223, 250. 92
Total.....	<u>223, 300. 92</u>
Grand total.....	<u>5, 877, 370. 75</u>

## LIABILITIES

Stock, capital stock.....	\$2,000,000.00
Long-term debt:	
Funded debt unmaturred.....	2,500,000.00
Nonnegotiable debt to affiliated companies.....	1,000,767.86
Total.....	<u>3,500,767.86</u>
Current liabilities:	
Traffic and car-service balances payable.....	8,830.59
Audited accounts and wages payable.....	27,262.81
Miscellaneous accounts payable.....	30,694.39
Interest matured unpaid.....	34,578.33
Total.....	<u>101,366.12</u>
Deferred liabilities, other deferred liabilities "U. S. Government," additions and betterments.....	<u>8,652.06</u>
Unadjusted credits:	
Tax liability.....	100,826.21
Other unadjusted credits.....	43,093.28
Total.....	<u>143,919.49</u>
Profit and loss, credit balance.....	<u>122,665.22</u>
Grand total.....	<u>5,877,370.75</u>

The general balance sheet statement of the railroad administration, as of date of valuation, covering its operation of the property of the New York and Long Branch, is as follows:

## ASSETS

Current assets:	
Cash.....	\$143,540.47
Traffic and car-service balances receivable.....	12,643.90
Net balance receivable from agents and conductors.....	105,573.62
Material and supplies.....	73,110.44
Total.....	<u>334,868.43</u>
Deferred assets, other deferred assets, "New York and Long Branch Railroad Company":	
Additions and betterments.....	24,126.69
Liabilities, Dec. 31, 1917, paid.....	477,346.93
Total.....	<u>501,473.62</u>
Grand total.....	<u>836,342.05</u>

## LIABILITIES

Current liabilities:	
Traffic and car-service balances payable.....	254,916.26
Miscellaneous accounts payable.....	240,359.69
Total.....	<u>495,275.95</u>

Deferred liabilities, other deferred liabilities, "New York and Long  
Railroad Company":

Agents and conductors' balances, Dec. 31, 1917.....	\$49, 618. 66
Cash, Dec. 31, 1917.....	119, 345. 46
Assets, Dec. 31, 1917, collected .....	51, 633. 80
Material and supplies, Dec. 31, 1917.....	54, 286. 80

Total.....	<u>274, 884. 72</u>
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Unadjusted credits:

Tax liability.....	57, 379. 33
Other unadjusted credits.....	8, 802. 05

Total.....	<u>66, 181. 38</u>
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Grand total.....	<u>836, 342. 05</u>
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**Predecessor Companies of the New York and Long Branch**

THE NEW EGYPT AND FARMINGDALE RAILROAD COMPANY

This company maintained no general books of account. Certain accounts are represented in the books of the New York and Long Branch, from which the information herewith is taken.

Construction was commenced in 1875 between Long Branch and Belmar, about 8.3 miles. A portion was put into operation September 7, 1875, and the remainder in 1876.

The New York and Long Branch financed the construction of the property.

*Capital stock and long-term debt.*—The capital obligations issued or incurred consisted of \$200,000 in capital stock and \$313,193.01 in nonnegotiable debt. Of the latter, \$200,000 has been retired. The consideration of the capital stock was the discharge of a like amount of nonnegotiable debt by the New York and Long Branch. The consideration for the nonnegotiable debt to affiliated companies was an equal amount of construction advances by the New York and Long Branch.

No entries were made in the accounts to show results of corporate operations.

On date of demise the balance in the account for investment in road, no equipment being owned, amounted to \$313,193.01, and represented the amount advanced by the New York and Long Branch for the construction of the original road and additions and betterments including second track.

THE LONG BRANCH AND SEA GIRT RAILROAD COMPANY

This company maintained no general books of account. Certain accounts are represented in the books of the New York and Long Branch from which the information herewith is taken.

Construction was commenced in 1875 between Belmar and Sea Girt, about 3.5 miles of double track. A portion was opened for operation on September 7, 1875, and the remainder in 1876.

The New York and Long Branch financed the construction of the property. The capital stock and nonnegotiable debt issued or incurred consisted of \$50,000 in capital stock and \$98,285.24 in nonnegotiable debt. Of the latter, \$50,000 has been retired. The consideration for the capital stock was the discharge of a like amount of nonnegotiable debt by the New York and Long Branch. The consideration for the nonnegotiable debt to affiliated companies was an equal amount of construction advances by the New York and Long Branch.

No entries were made in the accounts to show results of corporate operations. On date of demise, the balance in the account for investment in road, no equipment being owned, amounted to \$98,285.24, and represented the amount advanced by the New York and Long Branch for the construction of the property.

#### THE NEW YORK AND LONG BRANCH EXTENSION RAILROAD COMPANY

This company has no obtainable accounting records. The information herewith is taken from records of the New York and Long Branch and the Central of New Jersey, supplemented by relevant data from other sources.

Road mileage of about 2.8 miles from Sea Girt to Point Pleasant was completed by the company and opened for operation in 1880.

The company issued capital stock and funded debt and incurred nonnegotiable debt as follows:

Capital stock.....	\$67, 000. 00
Bonds (7 per cent).....	50, 000. 00
Nonnegotiable debt.....	16, 216. 31
Total.....	<u>133, 216. 31</u>

The considerations received therefor were not definitely determinable.

The results of corporate operations were not definitely determinable.

A published report of the State of New Jersey for the year ended December 31, 1880, shows outlay for creating and improving the property to date of demise as \$123,652.69.

The company proposed to lease its property to the New York and Long Branch in perpetuity from May 1, 1880, the lessee to pay all taxes and as rental the interest on funded debt and 7 per cent yearly dividend on capital stock. The property was operated from its completion in 1880 to the date of its demise by the Central of New Jersey, as lessee of the New York and Long Branch. The rentals received by the lessor or paid by the lessee, if any, were not definitely determinable.

#### THE LONG BRANCH AND BARNEGAT BAY RAILROAD COMPANY

There are no accounting records of this company obtainable. The railroad between Point Pleasant and Bayhead Junction, about 1 mile, was partly constructed at its demise, December 20, 1881. Accounts of the New York and Long Branch indicate that there were no issues of securities and that the only obligation was on account of advances by it of \$27,438.49 for construction.