

FINANCE DOCKET No. 8956
JEFFERSON RAILROAD COMPANY ET AL. ACQUISITION
AND OPERATION

Submitted October 19, 1931. Decided November 11, 1931

Certificate issued authorizing the Jefferson Railroad Company to acquire, and the Erie Railroad Company to operate a line of railroad principally in Honesdale, Wayne County, Pa.

Herbert A. Taylor for applicants.

REPORT OF THE COMMISSION

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND MAHAFFIE

BY DIVISION 4:

The Jefferson Railroad Company, a corporation organized for the purpose of engaging in interstate commerce by railroad, and the Erie Railroad Company, a carrier by railroad subject to the interstate commerce act, on September 8, 1931, filed a joint application under section 1(18) of the act for a certificate that the present and future public convenience and necessity require the acquisition by the former, and the operation by the latter, of a line of railroad 1.138 miles long, formerly constituting a part of the Honesdale branch of the Delaware and Hudson Railroad Corporation, located principally in Honesdale, Wayne County, Pa. No representations have been made by any State authorities, and no objection to the granting of the application has been presented to us.

The Jefferson Railroad Company was incorporated February 16, 1864, in Pennsylvania by special act approved April 28, 1851, and supplemental act. Its line extends from Carbondale, Pa., to a connection with the main line of the Erie at Lansboro, Pa. Its so-called Honesdale branch extends from a connection with the Wyoming division of the Erie at Hawley, Pa., to Honesdale, Pa.

The Erie operates the entire railroad of the Jefferson under lease, and owns practically all of the latter's capital stock. All of the bonds of the Jefferson having matured and been acquired by the Erie, and refunded by the latter under its mortgages, the Erie, in operating the properties, takes all the revenues, pays all the expenses, and pays no rental to the Jefferson. It is proposed that the property herein sought to be acquired is to be operated by the Erie as an

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extension of the Jefferson's Honesdale branch in the same manner that the rest of the branch is now operated.

The properties herein proposed to be acquired consist of that part of the tracks and facilities of the Delaware & Hudson from the northern terminus of the Jefferson's Honesdale branch at Honesdale Junction, in Honesdale, extending northerly within Honesdale to and for about 480 feet beyond the crossing of said tracks over the Lackawaxon River, just northerly of Cherry Ridge Road, being a total of 6,000 feet of main track, about 12,700 feet of sidetracks, and about 19.5 acres of right of way. The Erie is presently operating, and has since 1900, operated under trackage rights over a part of these tracks. The Delaware & Hudson has agreed to sell the properties in question to the Jefferson for \$65,000, and the latter proposes to pay that amount in cash to be advanced to it by the Erie. The applicant represents that, after negotiations, the price of \$65,000 was determined upon as the fair value of the properties.

In *Delaware & H. R. Corp. Abandonment*, decided July 30, 1931, 175 I. C. C. 385, we authorized the Delaware & Hudson Railroad Corporation to abandon that part of its Honesdale branch from Carbondale, Pa., in a general easterly direction to Honesdale Junction. In our report in that proceeding it was stated that an agreement had been made by the Delaware & Hudson and the Jefferson for the sale by the former to the latter of the properties herein considered, subject to the authorization of the abandonment as above cited; that the Erie planned to operate the properties, if acquired by the Jefferson; and that under this arrangement industries at Honesdale would continue to have railroad service practically equal to that which they then enjoyed.

The tracks of the Jefferson, which terminate at the edge of Honesdale, will not furnish adequate facilities to take care of the traffic to and from Honesdale, which is of substantial proportions. With the acquisition and operation herein sought the Erie will be able to furnish sufficient and proper railroad service to the industries and business of the tributary community.

The estimated results of operation in each of the five years following the acquisition, and thereafter, are as follows: Total gross revenue \$167,394, operating expenses \$129,245, net revenue \$38,149, railway tax accruals and noncollectible revenue \$9,508, equipment and joint-facility rents, debit, \$6,796, net railway operating income \$21,845.

Upon the facts presented we find that the present and future public convenience and necessity require the acquisition by The Jefferson

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Railroad Company, and the operation by the Erie Railroad Company, of the line of railroad, principally in Honesdale, Wayne County, Pa., described in the application. An appropriate certificate will be issued.

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

Issued November 11, 1931

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require the acquisition by The Jefferson Railroad Company, and the operation by the Erie Railroad Company, of the line of railroad principally in Honesdale, Wayne County, Pa., described in the application and report aforesaid.

It is ordered, That when filing schedules establishing rates and fares applicable on said line of railroad, the Erie Railroad Company shall in such schedules refer to this certificate by title, date, and docket number.

It is further ordered, That The Jefferson Railroad Company and the Erie Railroad Company shall report to this commission as required by valuation order No. 24, effective May 15, 1928.

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