



INTERSTATE COMMERCE COMMISSION.

Washington, D. C.

Valuation Docket No. 392.

August 20, 1924.

The Honorable,
The Attorney General of the United States.

The Honorable,
The Governor of Pennsylvania,
Harrisburg, Penna.

Public Service Commission,
Harrisburg, Penna.

National Association of Railway and Utilities Commissioners,
810 Eighteenth Street, N. W.,
Washington, D. C.,
Care John E. Benton, General Solicitor.

National Association of Railway and Utilities Commissioners,
Des Moines, Ia.,
Care F. P. Woodruff, Chairman Valuation Committee.

National Conference on Valuation of American Railroads,
360 North Michigan Avenue,
Chicago, Ill.,
Care Donald R. Richberg, General Counsel.

The Allentown Terminal Railroad Company,
437 Chestnut Street,
Philadelphia, Penna.,
Care E. M. Reynolds, Comptroller.

You are hereby notified that the Interstate Commerce Commission has completed the tentative valuation of the property of The Allentown Terminal Railroad Company as of June 30, 1918, and that said valuation is set forth in the tentative valuation report which is included in the order adopting the same, a copy of which is attached to this notice and made a part hereof.

You are required to file with the Commission at its office in Washington on or before thirty (30) days from the 18th day of October, 1924, any protest which you may desire to make to such valuation or to any part of such valuation.

You will file in connection with such protest specification setting forth in detail each particular thing against which the protest is directed.

You are further required to transmit a copy of such protest to each of the other parties to whom this notice is addressed and to file with the Commission for its official use thirty (30) additional copies of the same.

By the Commission, Division 1.

GEORGE B. MCGINTY,

Secretary.

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INTERSTATE COMMERCE COMMISSION.

Valuation Docket No. 392.

TENTATIVE VALUATION REPORT ON THE PROPERTY OF
 THE ALLENTOWN TERMINAL RAILROAD COMPANY,
 as of June 30, 1918.

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Location and general description of property.— The railroad of The Allentown Terminal Railroad Company, hereinafter called the Allentown Terminal, is a partly double track, standard gauge, steam operated terminal railroad, located at Allentown, Penna.

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, Penna., to a point where it connects again with the same railroad in the township of Hanover, a distance of 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 of the Allentown Terminal is jointly used by the Philadelphia and Reading Railway Company and The Central Railroad Company of New Jersey.

Capitalization.— The Allentown Terminal has outstanding, on date of valuation, a total par value of \$1,022,521.47 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 of the Allentown Terminal 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 ten 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 cannot be ascertained as the necessary records are not obtainable. Such information respecting actual expenditures as can be ascertained is stated in Appendix 2.

Investment in road and equipment.— The investment of the Allentown Terminal in road, including land, no equipment being owned, on date of valuation, is stated in its 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 is not known and cannot 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 Allentown Terminal, are as shown below. The Allentown Terminal's portion of jointly owned minor facilities is included with the wholly owned but not used property.

Classification.	: Cost of reproduction.	
	: New.	: Less de- preciation.
Wholly owned but not used:	:	:
Leased to:	:	:
Philadelphia and Reading Railway	:	:
Company	:\$ 342,991	:\$ 269,076
The Central Railroad Company of New	:	:
Jersey	: 685,980	: 538,151
Total	: 1,028,971	: 807,227

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

Cost of lands, rights of way, and terminals at the time of their dedication to public use, and the present value of same.— The Allentown Terminal owns but does not use 57.77 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 cannot 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 \$154,058.90, 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 area 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	: 19.26	:\$ 91,202.73
The Central Railroad Company of New	:	:
Jersey	: 38.51	: 182,405.47
Total	: 57.77	: 273,608.20

Property held for purposes other than those of a common carrier.— The Allentown Terminal owns and holds for noncarrier purposes 5.60 acres of lands. The total original cost of lands classified as non-carrier cannot 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 5.60 acres of noncarrier lands, and improvements thereon, owned by the Allentown Terminal, is \$30,272.50.

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, 0.39 of an acre of carrier lands, included in the above summary of carrier lands, with a present value of \$13,128, 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 has no material and supplies on hand on date of valuation.

Final value.— After careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the values here reported, the values, for rate-making purposes, of the property of the 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	\$ 365,000
The Central Railroad Company of New Jersey	<u>725,000</u>

Total	1,090,000
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No working capital, including material and supplies, is found to be owned or used by the Allentown Terminal, a nonoperating company.

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

Appendices.— Attached hereto and made a part hereof are appendices 1 and 2. Appendix 1 gives the explanatory text, and summary sheet showing the classification of the cost of reproduction new and cost of reproduction less depreciation above set forth, in conformity with the classification of expenditures for road and equipment prescribed by us.

Appendix 2 shows in detail the history and organization of the Allentown Terminal; moneys received by reason of issues of stocks, bonds and other securities, together with the syndicating, banking and other financial arrangements attending their issue; the net and gross earnings; a statement of the expenditures of moneys accompanied by a statement of the purposes thereof; the development of fixed physical property; investment in road and equipment; the cost of lands, rights of way, and terminals; the general balance sheet statement and other pertinent information.

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

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

APPENDIX 1.EXPLANATORY TEXT.

THE ALLENTOWN TERMINAL RAILROAD COMPANY.
(Allentown Terminal)

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.

Grading.— The grading is heavy, averaging about 120,000 cubic yards per mile.

Bridges, trestles and culverts.— There are three important double tracked, through span bridges; two are through trusses and the third is solid floor deck plate girders.

Rail.— The rail in the main track is 100- and 90-pound laid new.

Ballast.— 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, 66-2/3
per cent, and the Philadelphia and Reading Railway
Company, 33-1/3 per cent.

Acct.:	Classes.	Cost of reproduction.	
		New.	Less de- preciation.
	I. ROAD.		
1	Engineering	\$ 41,775	\$ 41,775
3	Grading	154,424	151,948
6	Bridges, trestles and culverts ...	353,393	272,828
8	Ties	49,195	31,327
9	Rails	50,526	45,364
10	Other track material	46,457	29,763
11	Ballast	15,756	9,767
12	Track laying and surfacing	35,125	25,290
15	Crossings and signs	32,612	22,795
16	Station and office buildings	139,745	94,679
17	Roadway buildings	922	340
20	Shops and engine houses	1,788	792
26	Telegraph and telephone lines	324	293
27	Signals and interlockers	48,067	34,353
	Total, 1, and 3 to 47, inclusive	<u>970,109</u>	<u>761,314</u>
	III. GENERAL EXPENDITURES.		
71	Organization expenses		
72	General officers and clerks		
73	Law		
74	Stationery and printing	14,552	11,351
75	Taxes		
77	Other expenditures - general		
76	Interest during construction	44,310	34,562
	Total, 71 to 77, inclusive	<u>58,862</u>	<u>45,913</u>
	Grand total, 1, and 3 to 77, inclusive	1,028,971	807,227

APPENDIX 2.

THE ALLENTOWN TERMINAL RAILROAD COMPANY.
(Allentown Terminal)

INTRODUCTORY.

The Allentown Terminal is a corporation of the state of Pennsylvania, having its principal office at Philadelphia, Penna.

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. On the other hand, 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, Penna., 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 that any syndicating arrangements were made in the issuance of its securities.

Capitalization.— 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 \$1,037,90.71, of which \$1,022,521.47 is outstanding on date of valuation, as summarized in the following table:

Classification.	Issued.	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 .	<u>137,900.71</u>	<u>15,379.24</u>	<u>122,521.47</u>
Total	1,037,900.71	15,379.24	1,022,521.47

Capital stock.— The authorized capital stock of the Allentown Terminal 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 of the Allentown Terminal 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	\$ 3,551.52	\$ 37,797.73
Total operating income (loss)	<u>3,551.52</u>	<u>37,797.73</u>
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 nonoperating income	<u>44,217.68</u>	<u>1,231,333.86</u>
Gross income	<u>40,666.16</u>	<u>1,193,536.13</u>

	Year.	Period.
Deductions from gross income:		
Interest on funded debt	\$18,000.00	\$513,000.00
Interest on unfunded debt	-	127.24
Total deduction from gross income	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
Total appropriations	22,500.00	641,250.00
Income balance transferred to credit of profit and loss	166.16	39,158.89

Profit and loss statement.— A condensed summary of the profit and loss accounts for the period December 1, 1889, to date of valuation, follows:

Credits:

Credit balance transferred from income \$39,158.89

Debits:

Credit balance on date of valuation 39,158.89

Dividends.— Dividends at the rate of 5 per cent annually have been declared by the Allentown Terminal since January 1, 1890.

INVESTMENT IN ROAD AND EQUIPMENT.

The investment of the Allentown Terminal in road, including land, there being no equipment, on date of valuation, is stated in its 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
	<u>1,045,202.38</u>
Less retirements:	
Proceeds from sale of land and materials	<u>473.87</u>
Net total	1,044,728.51
Other items:	
Discount sustained in the issue of funded debt ..	<u>11,250.00</u>
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 non-carrier 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 section devoted to Cost of lands 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 account as follows:

Recorded money outlay \$1,045,202.38

Less whatever part of the above, not definitely determinable represents:

Land and material sold for proceeds of 473.87

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 of this chapter that is 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 made by the Allentown Terminal 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 by the Allentown Terminal as costs for the remaining lands owned, after making the changes noted above, 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 sup- : ported by ac- : counting records.
Lands classified as carrier:		
Owned but used jointly by The Central Railroad Com- pany of New Jersey and the Philadelphia and Reading Railway Company	\$154,058.90	\$14,900
From which should be de- ducted the portions, not definitely determinable, of the above that are assignable to parts of parcels sold for proceeds of	<u>275.00</u>	<u>-</u>
Lands classified as non- carrier:		
Owned	<u>2,000.00</u>	<u>-</u>
Lands classified as partly carrier and partly noncarrier:		
Owned but partly used by The Central Railroad Com- pany of New Jersey and the Philadelphia and Reading Railway Company	34,471.92	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 section devoted to Cost of lands 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 were 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 do not indicate that any actual payment was made in the acquisition of these parcels, they have been herein designated as apparent aids.

LEASED RAILWAY PROPERTY.

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

as of date of valuation.

ASSET SIDE.

Investments:

Investment in road and equipment \$1,055,978.51

Current assets:

Cash 14,288.65

Miscellaneous accounts receivable 1,709.20

Rents receivable 8,776.18Total 24,774.03

Grand total 1,080,752.54

LIABILITY SIDE.

Stock:

Capital stock 450,000.00

Long-term debt:

Funded debt unmatured 450,000.00

Nonnegotiable debt to affiliated companies 122,521.47Total 572,521.47

Current liabilities:

Interest matured unpaid 10,180.00

Unadjusted credits:

Tax liability 5,401.18

Other unadjusted credits 3,491.00Total 8,892.18

Surplus:

Profit and loss, credit balance 39,158.89

Grand total 1,080,752.54

ORDER.

At a Session of the INTERSTATE COMMERCE COMMISSION, Division 1,
held at its office in Washington, D. C., on the 20th
day of August, A. D. 1924.

Valuation Docket No. 392.

The Commission, by Division 1, having on the date hereof made
and filed a report containing its tentative finding of the value
of the property of The Allentown Terminal Railroad Company, which
said report is hereby referred to and made a part hereof:

It is ordered, That said report be, and it is hereby declared
to be, the tentative valuation as of June 30, 1918, of the property
of The Allentown Terminal Railroad Company.

By the Commission, Division 1:

(SEAL.)

GEORGE B. MCGINTY,

Secretary.

OCT 24 1924