

NINETEENTH ANNUAL REPORT
OF THE
PRESIDENT AND OFFICERS
OF THE
New York, Ontario & Western
RAILWAY COMPANY
WITH
STATEMENTS OF ACCOUNTS

FOR THE
Fiscal Year ending June 30th, 1898.

NEW YORK:
WYNKOOP HALLENBECK CRAWFORD CO., PRINTERS,
441 TO 447 PEARL STREET.

New York, Ontario & Western Railway Company.

DIRECTORS:

O. D. ASHLEY,	- - - - -	New York.
C. LEDYARD BLAIR,	- - - - -	"
HENRY W. CANNON,	- - - - -	"
FRANCIS R. CULBERT,	- - - - -	Newburgh, N. Y.
CHAUNCEY M. DEPEW,	- - - - -	New York.
THOMAS P. FOWLER,	- - - - -	"
GERALD L. HOYT,	- - - - -	"
JOHN B. KERR,	- - - - -	"
JOHN G. MOORE,	- - - - -	"
H. PEARSON,	- - - - -	London.
JOSEPH PRICE,	- - - - -	"
ALBERT S. ROE,	- - - - -	New York.
CHARLES S. WHELEN,	- - - - -	Philadelphia.

OFFICERS:

THOMAS P. FOWLER, <i>President,</i>	- - - - -	New York.
JOSEPH PRICE, <i>Vice-President,</i>	- - - - -	London.
JOHN B. KERR, <i>Vice-President and General Counsel,</i>	- - - - -	New York.
RICHARD D. RICKARD, <i>Secretary and Treasurer,</i>	- - - - -	"
JAMES E. CHILDS, <i>General Manager,</i>	- - - - -	"
JAMES C. ANDERSON, <i>General Freight and Passenger Agent,</i>	- - - - -	"
CHARLES A. DRAPER, <i>Purchasing Agent and Paymaster,</i>	- - - - -	"
EDWARD CANFIELD, <i>General Superintendent,</i>	- - - - -	Middletown, N. Y.
GEORGE W. WEST, <i>Supt. Motive Power,</i>	- - - - -	" "

COAL DEPARTMENT.

DICKSON & EDDY, *General Coal Sales Agents,* - - 29 Broadway, New York.

AUDITORS:

BARROW, WADE, GUTHRIE & Co., *Public Accountants,* 27 Pine Street, New York.

Transfer Agent, JAMES M. FLEMING, - - - - - New York.
 " ENGLISH ASSOCIATION OF AMERICAN BOND AND SHARE-
 HOLDERS, LIMITED, - - - - - London.
Registrar of Stock, MERCANTILE TRUST CO., 120 Broadway, New York, and
 Broad St. House, New Broad St., London, E. C.

GENERAL OFFICES:

NEW YORK, - - - - - 56 Beaver Street.
 LONDON, - - - - - 5 & 6 Great Winchester Street.

New York, Ontario & Western Railway Company.

OFFICE OF THE PRESIDENT.

NEW YORK, September 1st, 1898.

TO THE STOCKHOLDERS:

The receipts and disbursements of the Company for the fiscal year ended June 30th, 1898, compared with the preceding year were as follows:

RECEIPTS.

	1898.	1897.
From Passengers	\$641,678.52	\$638,659.26
“ Freight	3,090,280.34	3,075,505.24
“ Mails and Express.....	122,774.23	121,658.63
Miscellaneous.....	59,902.18	58,579.86
Total Receipts.....	\$3,914,635.27	\$3,894,402.99

OPERATING EXPENSES.

	1898.	1897.
Maintenance of Way and Structures.....	\$553,489.31	\$546,017.30
Maintenance of Equipment.....	469,753.68	457,717.67
Conducting Transportation.....	1,544,816.22	1,531,200.59
General Expenses.....	120,718.26	120,923.70
Total	\$2,688,777.47	\$2,655,859.26
Taxes.....	112,865.23	124,636.97
Total Operating Expenses and Taxes..	\$2,801,642.70	\$2,780,496.23
Net Earnings.....	\$1,112,992.57	\$1,113,906.76
Interest, Rentals and Charges	710,532.36	713,995.77
Surplus	\$402,460.21	\$399,910.99

Local passenger receipts were \$560,633.09, compared with \$563,389.54 in the preceding fiscal year; through passenger and immigrant earnings were \$81,045.43, compared with \$75,269.72.

Mail and express receipts were \$122,774.23, compared with \$121,658.63. Freight traffic earnings, classified as in former reports and compared with the five years beginning with the fiscal year 1893, were :

	1898.	1897.	1896.	1895.	1894.	1893.
Through Freight. .	\$352,697.04	\$322,032.14	\$292,549.07	\$303,584.34	\$226,297.55	\$347,246.26
Local Freight	637,458.53	587,128.19	654,007.76	641,541.96	662,807.39	688,571.81
Milk.....	433,882.60	443,408.48	425,614.10	381,681.30	354,037.94	347,359.54
Coal.....	1,666,242.17	1,722,936.43	1,588,424.36	1,581,227.79	1,753,874.34	1,436,539.53
Miscellaneous	59,902.18	58,579.86	41,707.43	38,691.68	41,118.06	36,595.20
Total.....	\$3,150,182.52	\$3,134,085.10	\$3,002,167.72	\$2,916,729.57	\$3,038,129.28	\$2,856,312.31

The following comparative statement of operations for the last nine years is worthy of consideration :

	Earnings Year ending June 30th.	Operating Ex- penses and Taxes.	Net Revenue.	Charges	Surplus.
1890.....	\$2,200,446.01	\$1,768,042.43	\$432,403.58	\$285,961.67	\$146,441.91
1891.....	2,809,702.16	2,155,372.16	654,330.00	553,890.68	100,439.32
1892.....	3,265,417.89	2,461,136.39	804,281.50	597,262.22	207,019.28
1893.....	3,688,173.92	2,798,225.62	889,948.90	633,095.79	256,852.51
1894.....	3,842,119.63	2,732,540.16	1,109,579.47	690,012.89	419,566.58
1895.....	3,669,113.18	2,642,412.44	1,026,700.74	700,317.93	326,382.81
1896.....	3,779,335.51	2,698,558.06	1,080,777.45	705,208.02	375,569.43
1897.....	3,894,402.99	2,780,496.23	1,113,906.76	713,995.77	399,910.99
1898.....	3,914,635.27	2,801,642.70	1,112,992.57	710,532.36	402,460.21

Since the opening of the Scranton Division, July 1st, 1890, the anthracite tonnage and revenue, including coal received from the Delaware & Hudson Canal Company at Sidney, has been in each of the following years :

	Net Tons.	Revenue.
1891	811,485	\$782,218.29
1892	1,120,416	1,126,456.77
1893.....	1,352,225	1,436,539.53
1894.....	1,642,063	1,753,874.34
1895.....	1,715,991	1,581,227.29
1896.....	1,673,861	1,588,424.36
1897.....	1,653,596	1,722,936.43
1898.....	1,605,508	1,666,242.17

Within the last year the final payments on account of car trust indebtedness have been made, with the exception of three notes held by the Guaranty Trust Company and maturing

August 15th, 1898 (since paid), November 15th, and February 15th, 1899, amounting in the aggregate to \$17,500, when the last car trust obligation of the Company will have been discharged.

On or after June 1st, 1899, the Company has the right to pay off or refund by issue of its four per cent. bonds, \$5,600,000 of Consolidated First Mortgage five per cent. bonds. This matter is now having the careful consideration of the Board and will be carried through when such a price for the fours can be had as, in the judgment of the Directors, they should and are likely in the near future to command. No bonds have been issued or disposed of during the last fiscal year.

The contract with the Adams Express Company having expired, a new agreement, taking effect July 1st, was entered into for a period of five years, and thereafter to continue until one year's notice shall be given, by either party to the agreement, of its termination.

The Sleeping and Drawing-room Car contract with the Pullman Company terminated March 31st, 1898. A new contract was thereupon made with the Wagner Company for running sleeping cars only, for a period of ten years; the Railway Company reserving the right to operate its own drawing-room cars, the earnings from which will hereafter be included in the earnings of the Railway.

In addition to the amount invested by the Company in the stock and bonds of the Ontario, Carbondale & Scranton Railway Company, further sums were necessary to complete that line amounting at the close of the fiscal year to \$628,894.76. While these advances have been carried as, and do constitute, an asset, enforceable by judgment against the subordinate company, should any necessity arise for such action, to protect the interests of the Company or its security-holders, it is evident that the item is not a quick asset, available for the purpose of discharging direct liabilities.

Surplus earnings having been used in the completion of the line, the Board decided to charge the item against the Profit and

Loss Account, and to credit the same account with the balances carried in the construction accounts of the Wharton Valley and Hancock and Pennsylvania roads (the latter being the portion of the O. C. & S. line in New York State) both which accounts are now closed.

Various other minor accounts have also been closed, uncollectible claims charged off and settlements of old claims effected, making a further charge to Profit and Loss. The net result of all being a reduction of the Profit and Loss Surplus from \$2,681,087.28 at June 30, 1897, to \$2,611,173.02 at June 30, 1898. The charges and credits referred to are set out in more detail in the Treasurer's report.

PASSENGER RECEIPTS.

In view of recent legislation obliging railway companies in the State of New York charging a rate of fare exceeding two cents a mile, to place on sale mileage books of 500 or 1,000 coupons, at two cents per mile, good in the hands of any person presenting them on trains, the officers of the Company, after mature reflection, concluded to make a uniform rate of two cents a mile for all distances travelled over the Company's lines, at the same time withdrawing all other forms of tickets, including the mileage books previously issued. The use of such books led to abuses which the officers of the Company were unable to control or rectify. At several connecting points it was necessary to meet the two-cent rate established long since by the New York Central Company, and being confronted by these conditions, the plan of charging a uniform rate of two cents per mile was finally adopted. It is believed that for a time this concession may result in reduced passenger receipts, but the Board and officials of the Company have reason to expect that the reduction from three cents to two cents per mile will, in the end, stimulate passenger travel and develop the country adjacent to the main line and its branches, thus eventually augmenting the Company's revenues, both as to local freight and passenger earnings.

LOCAL FREIGHT RECEIPTS.

After a prolonged period of dullness and depression there

were indications of an improvement in business conditions during the first months of the calendar year. The "Maine" disaster was, however, immediately followed by a period of uncertainty and serious mercantile depression, which has continued with more or less force since war was declared in April last. There are now, however, indications of a material improvement in business throughout the country, in which your Company will be prepared to participate, when peace shall have been declared and normal conditions happily resumed.

MILK RECEIPTS.

As stated in the last annual report, the rates on milk were re-adjusted in accordance with a decision of the Interstate Commerce Commission, then recently rendered. While such rates were established, on the basis of the old uniform rate of thirty-two cents per can, as the maximum rate to be charged for the longest distance, a considerable reduction on the shorter hauls was made, which, it was intended should benefit the shippers located in near-by districts. These reductions in the freight rate have not enhanced the price of the commodity, so far as the farming community is concerned. For example, while the rate on milk shipped by rail from Orange County stations was reduced from thirty-two to twenty-six cents per can, the price per quart received by the farmer has shown no material increase. The prices received for the months of April, May and June in the years 1896, 1897 and 1898, have been furnished by an Orange County shipper, and were as follows:

	1896.	1897.	1898.
April	1¾-1½ cts. per qt.	1½-1¾ cts. per qt.	2 cts. per qt.
May	1½ cts. " "	1½ cts. " "	1½-1¾ " " "
June	1¾-1½ cts. " "	1¾ " " "	1¾ " " "

It is too often assumed that a panacea for the ills of the shipper may be found in the reduction of the rate he pays the railway for transporting his product. Experience shows that the reduction is, in most cases, absorbed by the middle man or consumer and that the producer fails to derive any great benefit from such con-

cessions, while the loss falls entirely upon the carrier. Upon the prosperity of the agriculturist depends, in great measure, the financial success of the railway and all proper concessions which the railway company can extend to the farming community along its lines are as a rule cheerfully made, because their interests are identical and it is an elementary business proposition that facilities and rates, which promote the prosperity of the shipper, also benefit the carrier to an appreciable extent. These conditions apply to other branches of traffic as well as to milk. Uniform and just rates, giving no advantages whatever to favored shippers, are of paramount importance, but the continual reduction of freight rates is of no material advantage to the shipper, simply because the agents, factors, middlemen or consumers at the other end of the line are individually or collectively astute enough to absorb the amount of such reduction, or as much of it as possible. This has been the case heretofore and is likely to continue to be so in the future.

The constantly increasing demand for milk shipped in bottles instead of cans, and the higher freight paid on bottled milk, are conditions which promise to reimburse the carrying companies to some extent for the reduction made in the can rate. The superior quality of the milk produced in the country tributary to the main line and branches of your Company, and the untiring attention given to the development of this traffic by the Freight Department and operating officials, promise a continuation of the satisfactory growth of this branch of traffic.

COAL TRAFFIC.

Again this year it is necessary to report extreme depression in the anthracite coal trade, and consequently, coal traffic earnings do not show that improvement which your officers had hoped to be able to place before you. For the first time in more than a decade the consumption of anthracite coal is not likely to show a material increase. It is believed by many well-informed persons, who are familiar with the trade, that these conditions are temporary and that there will be a revival of the

demand and an improvement in prices with a return of prosperity in other fields; that economy in the domestic uses of anthracite is to be looked for when in other branches of business unusual depression has led to similar conditions. On the other hand, there are also experienced and intelligent people who hold the view that the increasing use of bituminous coals, gas, oil and electricity for domestic and business purposes has introduced a new factor of a most serious character, which the anthracite trade must promptly take steps to combat, or the future is dark indeed for this great industry. The usual panacea has already been suggested, viz., a reduction of the freight rate. It is claimed that it is manifestly unfair to charge higher rates for transporting anthracite coal to the markets than are charged for hauling bituminous coal.

The earnings and details of the anthracite coal traffic have been very clearly presented by the General Manager, in this, as well as in former reports. The gross earnings from this branch of the Company's traffic, may be said to have averaged under seven mills per ton per mile, from the time the Scranton Division was opened, until the present time. It must be borne in mind, that all coal traffic is one way business, that is, the coal trains earn nothing whatever when returning from the markets to the mines. It may be stated as a further proposition that were the rates paid for hauling bituminous coal applied to anthracite, this Company would be one of those which would be obliged to retire from this branch of business, as it could not profitably haul coal to tide water or other points, at a rate of three mills per ton per mile or even less. The Railways which regulate the prices of bituminous coal at tide water and other markets, haul large trains over low grade lines to comparatively inexpensive terminal points, such as Norfolk, Va., for instance. The rates are abnormally low and the roads doing the business, are not conspicuously prosperous.

Bituminous coals are mined in various localities throughout the United States, easily accessible from the seaports and great manufacturing centres. Competition is keen and the condition of the trade for a number of years has been unprofitable, and at

times almost lamentable. Neither the owner of the fee, the operator or the miner have been at any time within the last ten or twelve years, upon a basis even approaching prosperity. The old remedy of low rates has been applied with caustic severity; but without avail. To apply these conditions to the anthracite trade, could in no way benefit the mine owner or operator. It is manifestly unreasonable to assume that the rail rate can be lowered and the high royalty and comparatively high price received for coal at the breaker, at the same time be retained. The very low price received for bituminous coal at the mine, sometimes as low as sixty or seventy cents per ton, would not be possible in the case of the individual or Company, operating an anthracite breaker, and yet it is clear that in order to compete with bituminous coal on equal terms, in the New England and other manufacturing markets, not only the rail rate, but the cost at the mines, must be reduced to the prices ruling on the bituminous product. The objective point; the end to be arrived at, should be an increase in the freight rates on bituminous coal to a reasonably profitable point and not the reduction of the anthracite rate, to the ruinous bituminous basis.

Aside from these considerations, there is no reason why the rate for hauling anthracite coal should be as low as the rate on bituminous coal, or lower than the present anthracite rates. The train loads are necessarily much lighter than those of the bituminous carrying railways, as all anthracite producing mines, in this section of the country, are located in the deep valleys of the State of Pennsylvania, and various summits and heavy gradients are encountered in moving the product of the mines to the markets. The actual transportation cost is therefore heavier than it is on many of the low grade bituminous roads, over some of which fifty car trains may be hauled. In the anthracite trade there are known nearly a dozen varieties or sizes, while there is no sizing or grading of bituminous.

Soft coal is carried long distances, usually at regular intervals under contracts for large quantities, entered into at the beginning of each year. As it is generally run of mine coal which is dealt in, unassorted and unclassified, trains do not

need to be broken up or divided in order to get a particular size, nor need there be any storing or side-tracking. There is consequently much less switching and shunting, and cars are unloaded and returned much more promptly.

Each of these sizes of anthracite must be taken from chutes when the breaker is running and loaded into, and carried in separate cars, and side-tracked or stored until wanted. At different seasons of the year certain sizes are in demand, while other sizes may have no market whatever. Those sizes not required are dumped into storage places and thus remain until it is possible to dispose of them; or such sizes are carried in cars which are side-tracked sometimes for months at a time. As a car, in which twenty-two tons on the average can be carried, costs in the neighborhood of five hundred dollars, and as these cars are held on tracks, the average cost of which cannot be far from fifteen thousand dollars a mile, it will be seen that the accumulation of interest and cost increases at a somewhat alarming ratio. When carried at storage places, the re-handling, interest on cost of an expensive plant, and maintenance, constitute a very serious item of expense, all of which is borne by the railway company.

All of these facilities are provided, and services are included in the freight rate paid.

It is also manifestly unfair to compare the freight rates paid for hauling and handling anthracite and bituminous coals, without giving prominence to the fact, that in the anthracite trade the custom is to deal with long or gross tons of 2,240 pounds, whilst generally in the bituminous trade only short tons are known. This difference will average four thousand eight hundred pounds weight, on every twenty tons, carried in a coal car.

It will thus be seen that the somewhat peculiar and complicated relations existing between the transportation company and the shipper, in this particular branch of traffic, result in putting the railway company in the position of having to render services, not only as common carrier, but also as warehouseman, factor and sometimes as financial agent.

The amount of capital required by an anthracite coal carrying railroad company, to enable it to compete successfully with other railway companies in the same territory, is therefore much in excess of the funds necessary merely to construct and equip a line of railway. It is also a difficult task to introduce and find markets for the anthracite coals of a newly opened line. If an anthracite trade is to be conducted successfully and profitably, it is necessary to be able to reach the northern and western markets, as well as the tide water and eastern consumer and costly and extensive terminals are required on the Great Lakes, as well as at tide water points, and barges and vessels must be built or controlled, in the proper conduct of the business.

The market value of the article transported bears some proper relation to the rate charged for carrying, and caring for it. One must consider whether the rate charged is reasonable for the services performed and cannot justly complain because it may cost more to ship a bale of silk a certain distance, than it does a box of boots. That the rate on anthracite coal is a reasonable rate, there can be no doubt. In fact, that question has once already been passed upon by the Interstate Commerce Commission and the Courts. The shipper undoubtedly would be entirely content to pay even a higher than the prevailing rate, as he has done in the past, provided, he could realize more for his product at the mine.

The price at the breaker and the freight rate are inseparable factors, dependent one upon the other, and properly so. It is well known that in no other portion of the globe are freight and passenger rates so low as they are in this country, and there are no people anywhere who get the best of fuel at a cost so low. It may be authoritatively stated that last year the rates obtained by the London & Northwestern Railway of England, for all coal handled over its lines, averaged one and a quarter cents per ton per mile. The average distance was, no doubt, quite equal to the rail haul of anthracite coal to tide water points and lake ports. It is undeniably true that competition reduces but never enhances the market price of a commodity or the rate for carrying it. It must likewise be admitted that there are to-day engaged in

the anthracite carrying trade too many lines competing sharply with each other for the traffic offered. In other words, there has not only been over-production in the output of the mines, but in transportation facilities as well. The only possible remedy would seem to lie in the direction of the proper control of the product and its curtailment to the requirements of the trade. Such co-operation, if earnest and honest, would probably lead to, and secure to the producer reasonable prices and profits, and to the transportation companies, fair and stable rates. The officers of this Company have at all times and in all seasons, expressed their willingness, even anxiety, to co-operate for these praiseworthy and desirable ends. As an indication that the anthracite coal traffic is unduly profitable, the operations of the New York, Ontario & Western Railway in this particular field are frequently referred to. It may be proper to state in view of these assertions, that the construction of the Scranton Division involved the building of only fifty-four miles of line. It connected with the upper coal field of Pennsylvania, three hundred and twenty-five miles of main line, which had for many years been in active operation and which are admirably located for reaching the anthracite markets, via the Lakes and tide water, as well as at other interior rail and water points. As an entirely new operation from the coal fields to the markets, it could have offered no inducement to either the capitalist or experienced railway promoter and in fact, could not as such have been built. It is not denied, on the contrary it has repeatedly been asserted in these reports and elsewhere, that the construction of the Scranton branch, has been a profitable operation for your company and seems likely to continue so, but only in connection with its then existing line and the natural advantages it possesses for reaching markets for other commodities than anthracite in all directions.

It is again a pleasant duty to state, that all employees of the company have continued throughout the year to discharge their various duties in a faithful, efficient and satisfactory manner.

By order of the Board,

THOMAS P. FOWLER,
President.

GENERAL MANAGER'S REPORT

FOR THE YEAR ENDING JUNE 30TH, 1898.

THOMAS P. FOWLER, ESQ.,

President.

DEAR SIR: I respectfully submit the following report of the operations of this Company for the year ending June 30th, 1898.

EARNINGS AND EXPENSES.

The gross earnings for the year were \$3,914,635, compared with \$3,894,403 in the previous year, an increase of \$20,232, or 0.52 per cent.

The working expenses for the year were \$2,688,777, compared with \$2,655,859 for the previous year, an increase of \$32,918, or 1.24 per cent.

The net earnings for the year, after deducting taxes, were \$1,112,993, and in the previous year \$1,113,907, being a decrease of \$914, or 0.08 per cent.

The percentages of working expenses for the past nine years are shown in the following table:

Year ending June 30th, 1890.....	76.55	per cent.
“ “ “ “ 1891.....	73.16	“
“ “ “ “ 1892.....	72.27	“
“ “ “ “ 1893.....	73.15	“
“ “ “ “ 1894.....	68.40	“
“ “ “ “ 1895.....	69.24	“
“ “ “ “ 1896.....	68.42	“
“ “ “ “ 1897.....	68.20	“
“ “ “ “ 1898.....	68.68	“

Full details of earnings, expenses, cost of operating and statistics in relation to Passenger and Freight Traffic, for the fiscal years ending June 30th, 1894 to 1898, inclusive, are shown in table on page 32.

PASSENGER TRAFFIC.

The local passenger earnings for the year were \$560,633, compared with \$563,390 in the previous year, a decrease of \$2,757, or 0.49 per cent.

On May 1st, 1898, the local rate of two cents per mile was made effective. The decreased earnings were all in the last two months of the fiscal year, and may be attributed entirely to the reduction in passenger rates.

The Summer business to Orange, Sullivan and Delaware Counties continues to show a gratifying increase; the increase this season over last will reach about 15 per cent. The residents in the above counties are still erecting new hotels and boarding houses to accommodate the Summer boarders, and it seems now that the accommodations which they can obtain in these counties will be the measure of our increase from year to year.

The reduction of local passenger rates from three to two cents per mile will, of course, involve a reduction in revenue, but it is hoped that this reduction will stimulate business, and that the increase in passengers carried will in a measure offset the loss from reduction in rates. So far the results show an increase which is gratifying. Considerable saving has been effected in printing, as but one form of ticket is now used, where five forms were formerly in use.

The reduction in passenger fares has met with great favor by merchants along the line, as well as commercial travelers, and has already caused an increase in local freight-business.

Heretofore we have been dependent upon the Pullman Company for drawing room cars with which to equip our Summer trains, and those furnished by that company have been of small capacity and limited in number. The present contract with the Wagner Company permits this Company to operate its own drawing room cars. Five of such cars were purchased, and placed in service with the Summer schedule. They have been well patronized, and have furnished accommodation to a much larger number of passengers than could heretofore be provided for, besides saving mileage heretofore paid the Pullman Company.

The through passenger receipts, consisting of coupon and emigrant business, amounted to \$81,045, as against \$75,270 in previous year, an increase of \$5,775, or 7.67 per cent.

On May 28th through Wagner sleeping car service between Weehawken and Chicago was established, via Niagara Falls, in connection with the R., W. & O. and Wabash Railroads. This service is in addition to the through reclining chair car service, which has been in operation for some time. The through sleeping cars have increased the business, particularly Eastbound, and the service has been entirely satisfactory.

The emigrant business for the year shows a slight decrease, owing to the reduced number of emigrants arriving at the port of New York, there being a total for all Trunk Lines of 61,873 passengers, against 63,812 for the previous year, a decrease of about 3 per cent.

During the past fiscal year the number of emigrants landed at the port of New York was 198,519, as compared with 199,140 for the previous year.

EXCURSIONS.

During the year 162 excursions were run, carrying 44,050 passengers, the mileage of trains being 7,848, and the revenue \$31,395, or \$4 per mile. In the previous year there were 175 excursions, with train mileage 6,609, and revenue \$29,942, or \$4.53 per mile.

BAGGAGE DEPARTMENT.

The number of pieces of baggage handled during the last fiscal year was 394,926, compared with 357,871 for the previous year. The amount paid by the Company for loss and damage sustained in handling was \$54.95, as against \$45.17 in previous year.

The excess baggage and storage collections amounted to \$7,198.32, compared with \$7,813.34 in the previous year.

During this period 20,771 bicycles were carried, as compared with 14,596 in the previous year.

FREIGHT TRAFFIC.

The local freight earnings were \$637,459, compared with \$587,128 in previous year, an increase of \$50,331, or 8.57 per cent.

The local industries along the line seem to be recovering slowly from the depression of the last few years.

The through freight earnings were \$352,697, compared with \$322,032 in previous year, an increase of \$30,665, or 9.52 per cent. It is an unfortunate fact that Westbound rates have not been maintained by the Trunk Lines.

On March 19th, 1898, the Arbitrators of the Joint Traffic Association made a new award, covering all Westbound freight business from New York. Our percentage prior to September 20th, 1897, was 1.46 per cent., but under the award of the above date we were granted 2.5 per cent., to apply from September 20th, 1897, to March 1st, 1898, and after March 1st, 1898, we were allowed 2.4 per cent.

COAL.

The earnings of the Company from the transportation of coal were \$1,666,242, compared with \$1,722,936 in previous year, a decrease of \$56,694, or 3.29 per cent. The total shipments from the Scranton Division, including supply coal used on engines and at stations, were 1,295,309 gross tons, a decrease of 39,862 gross tons over previous year, or 2.99 per cent. The number of gross tons of coal transported from the Scranton Division (exclusive of supply coal for Company's use) was 1,175,531 gross tons, compared with 1,203,788 gross tons in previous year, a decrease of 28,257 gross tons, or 2.35 per cent. The average revenue per gross ton received from the same during the year was \$1.252, compared with \$1.276 in previous year.

As in the previous year no coal was shipped to Western markets on consignment, and as these markets were greatly demoralized during a good part of the year our Westbound shipments from Oswego show a decrease.

The following statement shows the number of gross tons of

coal from the Scranton Division handled over the Company's docks at Oswego, Cornwall and Weehawken, compared with previous year :

	1898.	1897.
To the lakes, via Oswego	122,412	143,974
To tide water, via Cornwall.....295,465 }	640,348	664,298
To tide water, via Weehawken.....344,883 }		
Total.....	762,760	808,272

This statement also includes any coal sold locally at these points.

The following statement shows the total shipments of coal by the Delaware & Hudson Canal Company and this Company to Oswego over our lines for eight years :

Year ending	D. & H. Shipments.	O. & W. Ship'ts.	Aggregate gross tons.
June 30th, 1891.....	63,025	53,131	116,156
" " 1892	68,506	102,583	171,089
" " 1893	76,592	134,570	211,162
" " 1894.....	85,053	204,533	289,586
" " 1895.....	61,194	157,066	218,260
" " 1896.....	73,073	210,275	283,348
" " 1897.....	85,698	143,974	229,672
" " 1898.....	64,310	122,412	186,722

Coal hauled for the Delaware & Hudson Canal Company from Sidney to Oswego during the year, 64,310 gross tons, shows a decrease of 21,388 gross tons, or 24.96 per cent., as compared with the previous year. The average rate per gross ton per mile received for transportation of this coal between Sidney and Oswego (a distance of 124 miles) was 0.8358 cents, as compared with 0.6131 cents in previous year.

The shipments of D. & H. coal from Sidney to points on the Utica Division, via Randallville, were 121,757 gross tons, compared with 112,497 gross tons in previous year, an increase of 8.23 per cent.

The total amount of D. & H. coal shipped from Sidney to all points during the year was 257,958 gross tons, a decrease of 14,679 gross tons, or 5.38 per cent., compared with previous year.

The total revenue received from transportation of D. & H. coal during the year was \$194,862, as compared with \$186,698, an increase of \$8,164, or 4.37 per cent. This item has been increased by the sum of \$18,419.53, which was received from that company in this year for the readjustment of accounts of previous years. This also accounts for the apparent increase in earnings per ton, and per ton mile.

The average rate per net ton per mile for transportation of D. & H. coal during the year (exclusive of Utica Division shipments) was 0.8473 cents, as compared with 0.7204 cents in previous year.

The above statements do not include miscellaneous shipments transported over the line to the various stations, which have been included in our general freight statement.

MILK.

The following statement shows the tonnage, revenue and earnings per train mile from milk business, as compared with previous year :

	1898.	1897.	
Tons of milk carried.....	71,612	71,234	0.53% Inc.
Tons carried one mile	12,566,834	12,598,829	0.25% Dec.
Revenue	\$433,883	\$443,408	2.15% "
Miles run	319,514	322,143	0.82% "
Earnings per train mile.....	\$1.36	\$1.38	1.45% "

This statement does not include mileage of mixed trains over branches bringing milk to the regular milk trains on the Main Line, but the mileage only of the latter ; and the earnings stated are exclusive of that derived from passengers, express and perishable freight carried on such trains.

The new milk tariff, which was recommended by the Interstate Commerce Commission, and which was put in effect May 15, 1897, has caused a slight decrease in shipments from long distance and a corresponding increase from the short distance territory, but this increase at lower rates is not sufficient to offset the loss from the further territory.

MOTIVE POWER DEPARTMENT.

MILEAGE.

The mileage of engines and cars during the year, as compared with previous year, was as follows :

	1893.	1897.
Passenger trains.....	842,960	826,479
Freight trains.....	1,116,404	1,267,163
Mixed trains.....	668,642	662,659
Total train miles earning revenue.....	2,628,006	2,756,301
Shifting, pushing, light running, etc.....	759,694	767,363
Total traffic engine miles.....	3,387,700	3,523,664
Passenger train car miles.....	3,370,368	3,265,734
Freight train car miles.....	26,451,628	28,653,975
Mixed train car miles.....	6,739,436	6,399,685
Total car miles.....	36,561,432	38,319,394

The performance of engines during the past fiscal year, as compared with previous year, was as follows :

	1893.	1897.
Total number of engines on hand at end of year....	133	133
Average number making mileage.....	104	106

Engine Mileage.

Passenger.....	842,960	826,479
Freight.....	1,116,404	1,267,163
Mixed.....	668,642	662,659
Shifter.....	444,273	449,915
Work train.....	69,091	71,528
Light running and pushing.....	315,421	317,448
Total miles run.....	3,456,791	3,595,192

Fuel.

Tons coal consumed.....	188,527	202,308
Pounds coal consumed per engine mile.....	109.0	112.5
Pounds coal consumed per car mile.....	10.0	10.3

Stores.

Quarts of oil consumed.....	123,323	135,993
Pounds of waste used.....	17,544	18,610

<i>Miles run to</i>		
One ton of coal	18.3	17.8
One quart of oil	28.0	26.4
One pound of waste	197.0	193.2
<i>Cost per engine mile in cents.</i>		
Repairs	5.11	5.19
Fuel	6.60	6.77
Stores	0.31	0.35
Wages of engine crew, cleaners, etc.....	7.27	7.25
Total cost per mile.....	19.29	19.56
Car mileage.....	37,385,317	39,119,004

FUEL.

The following statement shows the total cost of fuel for locomotives, and cost per train, car and engine mile, for the past five years :

	Total cost of fuel.	Cost per train mile.	Cost per engine mile.	Cost per car mile.
1894.....	\$316,415	10.84 cts.	8.62 cts.	.845 cts.
1895.....	279,090	9.74 "	7.61 "	.726 "
1896.....	250,281	8.81 "	6.83 "	.647 "
1897.....	236,860	8.59 "	6.72 "	.618 "
1898.....	222,311	8.46 "	6.56 "	.608 "

EQUIPMENT.

The condition of equipment at the close of the fiscal year, compared with previous year, is shown in the following table :

	1898.	1897.
No. of engines owned.....	133	133
No. of engines in service.....	105	106
No. of engines in shop under repairs.....	7	7
No. of engines in shop awaiting repairs.....	--	3
No. of engines received general repairs and rebuilt.....	56	58
No. of engines received ordinary repairs.....	48	70
No. of cars awaiting repairs.....	225	246
No. of cars received repairs.....	12,801	12,783

Number of cars awaiting repairs includes foreign cars, and all cars awaiting repairs at junction points.

IMPROVEMENTS CHARGED TO CAPITAL ACCOUNT.

During the year new equipment has been purchased, or rebuilt in the shops of the company, and additions and improve-

ments made, shop tools and machinery purchased, and charged to capital account, as follows:

2 new vestibuled chair cars purchased from the Ohio Falls Car Co.	\$15,178 57
240 freight cars have been equipped with air brakes	11,968 85
266 freight cars have been equipped with automatic couplers, replacing ordinary link and pin draw bars	4,680 00
9 engines have been equipped with air brakes	2,427 82
Total	<u>\$35,255 24</u>

SHOP, TOOLS AND MACHINERY.

Middletown:

New addition to storehouse	\$1,660 54
1 double axle lathe.....	835 50

Norwich:

1 new car repairer's shop	2,221 00
1 shaper	414 00
1 boring machine.....	350 00
1 No. 2 gaining machine.....	712 50
1 No. 3 automatic cut off machine.....	427 50
1 combination boring and gaining machine	1,287 02
Boiler house, balance.....	<u>361 55</u>
	\$8,269 61
Total.....	<u>\$43,524 85</u>

IMPROVEMENTS CHARGED TO OPERATING EXPENSES.

Other improvements have been made and charged to operating expenses to the amount of \$99,073.15, as follows:

- 6 engines have been rebuilt and changed to fine anthracite coal burners.
- 4 engines have been equipped with "Beals" driver brake.
- 22 engines have been equipped with track sanders.
- 1 passenger coach has been rebuilt.
- 1 passenger coach has been vestibuled, and equipped with "Gould" buffers and couplers.
- 1 mail and baggage car has been built.
- 4 milk cars have been rebuilt, without platforms or hoods, and equipped with "Gould" buffers and couplers.
- 4 refrigerator cars have had platforms removed, and equipped with freight draft attachments, and new "Fox" steel trucks.

404 freight cars have been supplied with subsills, equivalent to two additional draw sills.

46 freight cars have been equipped with new standard trucks.

46 freight cars have had new roofs.

96 thirty-ton freight cars have been built to replace old 14 and 20 ton cars destroyed, as follows:

12 refrigerator cars,

1 hay car.

55 box cars.

22 coal cars.

6 flat cars.

SUMMARY.

Amount charged to capital, account of equipment.....	\$35,255 24
“ “ “ “ “ “ shop, tools and machinery	8,269 61
“ “ “ operating expenses.....	99,073 15
Total.....	<u>\$142,598 00</u>

MAINTENANCE OF WAY DEPARTMENT.

In the Maintenance of Way Department the following additions and improvements have been made and charged to capital account :

MAIN LINE AND BRANCHES.

Additional Sidings.—\$22,152.94. New sidings constructed, 3.29 miles; Middletown (North Yard), 2.75 miles; and freight switches at various stations, 0.50 miles.

Signals.—\$5,581.70. Automatic electric signals have been put in at Little Britain, Horton's and Roaring Brook, and electric crossing bells at Orr's Mills, Liberty, Cadosia, Horton's and Delhi.

Stations and Buildings.—\$3,678.96. A new creamery has been built at Guilford at a cost of \$1,760.64; a coal sales trestle at Fulton at a cost of \$1,918.32.

Steel Rail.—\$18,103.07. 28.74 miles (or 3,433 tons) of 76 pound steel rail have been laid in place of 56 pound on Main Line. The difference in weight of rail, fastenings, frogs and switches has been charged to capital. One

mile (or 92.50 tons) of 56 pound rail has been laid on Delhi Branch in place of 50 pound, and six pounds per yard charged to capital. Three miles of 56 pound rail have been used in replacing light and worn out iron and steel rail in sidings and charged to repairs.

There are now in main track of Main Line 151 miles of 76 pound rail, 57 miles of 67 pound, 20 miles of 58 pound, and 44 miles of 56 pound.

Street Improvements.—\$1,000. Changing line and surfacing track in Second street, Fulton. The balance, \$1,287.88, was charged to repairs.

Total capital charge of Maintenance of Way Department, Main Line and Branches, \$50,516.67, being \$39,063.73 less than in previous year.

SCRANTON DIVISION.

Additional Tracks.—\$2,062.14. New sidings constructed (principally at Mayfield and Elk Creek), 3,004 feet; but as 1,185 feet were taken up at Jermyn the net increase in sidings is only 0.34 miles.

Bridges and Trestles.—\$2,930.50. Preparatory to steel trestle at Carbondale, \$445.71 has been spent on masonry. At Providence an under crossing has been put in at an expense of \$2,474.79, and at Forest City one at an expense of \$712.69. The latter is for the D. & H. C. Co., and was paid for by that company.

Fencing.—\$51.08. Snow fence.

Grading.—\$1,940.55. Sloping cuts and filling Providence trestle.

Stations and Buildings.—\$3,239. New office building at Mayfield Yard.

Steel Rail.—\$734.87. Difference in weight of 281.31 tons (or 2.36 miles) of 76 pound steel rail and fastenings laid in place of 67 pound.

Rail Braces.—\$141.04.

Total capital charges, Maintenance of Way Department,

Scranton Division, \$11,099.18, being \$10,828.04 less than previous year.

CONSTRUCTION.

Pecksport Connecting Railway.—\$339.33. Ice switch at Fargo.

SUMMARY.

The amounts charged to improvements and construction for the year ending June 30th, 1898, were as follows :

Main Line and Branches	\$50,516.67
Scranton Division.....	11,099.18
Pecksport Connecting Railway	339.33
Total	<u>\$61,955.18</u>

IMPROVEMENTS CHARGED TO OPERATING EXPENSES, MAIN LINE AND BRANCHES.

The following improvements, amounting to \$42,075.36, on Main Line and Branches, have been charged to operating expenses :

Ballasting.—\$13,895.39. Surfacing track with gravel, cinders and culm between Middletown and Rockland, and on Ellenville Branch, \$4,613.25; between Rockland and Sidney, and on Delhi Branch, \$2,167.02; between Sidney and Randallville, \$655.91, and between Randallville and Oswego, \$6,459.21. The total amount is distributed over about 42.4 miles of track, being an average cost per mile of about \$328.

Bridges and Trestles.—\$10,513.30. Three steel bridges, total length 254 feet, have been built in place of wooden structures. The masonry for new bridges at Winterton and Southwick's, and raising abutments at canal crossing, State Bridge, are also included in above amount. The length of timber structures has been decreased 594 feet.

Culverts and Passes.—\$4,480.32. 2,106 feet of iron pipe from 12 to 48 inches in diameter have been put in place

of timber and other defective culverts, and the openings filled.

Station Grounds.—\$331.43. Retaining wall, and widening road in rear of Wurtsboro station.

Tunnels.—\$8,619.09. 200 feet of arch in Bloomingburgh tunnel.

Turn Tables.—\$1,319.12. A 60 foot steel turn table put in at Ellenville in place of wooden one.

Grading.—\$2,916.71. 224 feet of timber trestles have been filled.

UTICA DIVISION.

The following improvements, amounting to \$9,497.66, on the Utica Division, have also been charged to operating expenses :

Additional Sidings.—\$4,778.29. New sidings added, 0.95 miles, Clinton wye, Hamilton and Kirkland loading sidings, and 4,000 feet of track at New Hartford for canning factory.

Ballasting.—\$2,818.48. The track between New Hartford and Clinton has been surfaced with culm.

Bridges and Trestles.—\$407.12. Steel "I" beams put in bridges Nos. 34 and 46, Utica, Clinton & Binghamton R.R., and No. 12, Rome & Clinton R.R., in place of wood.

Culverts and Passes.—\$98.31. 108 feet of iron pipe laid in place of wooden and other culverts, and the openings filled.

Steel Rail.—\$471.93. 67 tons (or about $\frac{1}{2}$ mile) of 76-pound steel rail have been laid in place of 62 pound. The difference in weight of rail amounts to \$471.93. Three miles of 56-pound steel have been laid in sidings in place of iron, and charged to repairs.

Coal Terminals.—\$923.53. Lowering foundation at Rome transfer trestle, account of New York State canal improvement.

BRIDGES.

The following statement shows the number and length of iron or steel and wooden bridges and trestles on Main Line, Branches and Leased Lines, compared with previous year, and with 1891, the year in which the Scranton Division bridges were first taken into this report :

	1898.		1897.		1891.	
	Number.	Aggregate length in feet.	Number.	Aggregate length in feet.	Number.	Aggregate length in feet.
Iron Bridges.....	165	20,001	158	19,652	94	14,706
Wooden Bridges.....	25	1,524	26	1,578	89	5,098
Wooden Trestles.....	90	17,381	96	17,921	124	23,884
Total.....	280	38,906	280	39,151	307	43,688
			280	38,906	280	38,906
Filled and Shortened				245	27	4,782

The following statement shows the number and length of bridges for the O. & W. proper, Main Line and Branches, owned, compared with 1886 :

	1898.		1886.	
	Number.	Aggregate length in feet.	Number.	Aggregate length in feet.
Iron Bridges.....	106	13,763	27	7,521
Wooden Bridges.....	9	445	80	6,357
Wooden Trestles.....	75	13,514	117	20,441
Total.....	190	27,722	224	34,319
			190	27,722
Filled and Shortened.....			34	6,597

RAILS.

The weight and distribution of rail in the main track is as follows :

DIVISION.	MILES AND WEIGHT OF RAIL.						Total.
	76	67	62	58	56	50	
Main Line.....	150.88	57.05	....	19.54	44.28	....	271.75
Branches.....	....	....	....	....	9.38	44.44	53.82
Scranton Division...	3.39	50.66	....	....	....	....	54.05
Utica Division.....	5.41	....	25.23	....	13.44	....	44.08
Peckspport Line.....	3.69	....	....	....	....	....	3.69
Total Miles.....	163.37	107.71	25.23	19.54	67.10	44.44	427.39

TIES.

There have been used in repairs 258,847 ties, being 11,000 less than in previous year, at an average price of 32½ cents, compared with 34 cents in last fiscal year, and distributed as follows :

Main Line and Branches.....	176,251
Utica Division.....	41,554
Scranton Division.....	41,042

ANTHRACITE COAL.

The rates of transportation on anthracite coal were about the same as in previous year, but owing to a falling off in the market demands and the restriction of the output, the tonnage, and consequently the revenue, showed a slight decrease.

Since the maximum shipments of 1895, (46,511,477 tons) we have had three years of light shipments, running from forty to forty-three million tons.

Notwithstanding all that has been said about the substitution of bituminous coal and gas for anthracite, it is not probable that this falling off portends a permanent reduction in the use of anthracite, as the records of previous years show many similar slumps from similar causes, from which there has been a sharp recovery.

It required four years for the coal market to recover from the effects of the panic of 1837, and five years to recover from the great panic of 1873. In that year the shipments were 21,227,952 tons, largely in excess of any previous year. The hard times following this severe panic caused a falling off in the shipments, and the output of 1873 was not exceeded for five years. During this period of depression in the coal trade rumors were rife similar to those now in circulation, predicting that the top notch of anthracite consumption had been reached on account of the substitution of other fuels, yet the recovery in 1879 was sharp and strong, the output in that year reaching 26,142,689 tons, an increase over the previous year of eight and one-half million tons.

The panic of 1893 did not apparently affect the coal shipments until after the year 1895. Since then we have had three years of depression in the trade, and if past precedents are followed

we may have one, or possibly two years more, but judging from the past the only logical conclusion is that it will again recover and keep up the increase, which, notwithstanding the ups and downs of the market, has been going on for thirty years, at the average rate of one million tons per year.

INCREASE IN TRAIN LOADS.

The management has for some time recognized the fact that the constant downward tendency of rates of transportation must be met by economical operation in every department. If a reduction in pay rolls is contemplated we are confronted by labor questions, and find that we must inevitably pay wages on a basis similar to contiguous roads. Every effort has been made in the way of economical use of fuel, with satisfactory results (see page 21), but the chief resource in meeting these reductions in revenue must be by the increase of train loads, and the officers of the company have been for several years working in this direction, with most gratifying results. The following statement shows the increase in the average tons carried per freight train mile on the Main Line since 1888. Also the average number of cars per train, and average tons carried per car :

Year Ending	Tons Per Train.	Tons Per Car.	Cars Per Train.
Sept 30th, 1888,	123	7.20	17.1
Sept. 30th, 1889,	128	7.00	18.3
June 30th, 1890,	132	7.23	18.3
June 30th, 1891,	170	8.66	19.6
June 30th, 1892,	182	9.23	19.7
June 30th, 1893,	176	9.00	19.6
June 30th, 1894,	202	9.89	20.5
June 30th, 1895,	221	10.42	21.2
June 30th, 1896,	219	10.30	21.3
June 30th, 1897,	232	10.29	22.5
June 30th, 1898,	256	10.92	23.5

The line crosses a series of mountain ranges, and grades are not concentrated. Pushers are used on the heaviest grades. Forty-two per cent. of the Main Line, via Pecksport, is on grades of over 50 feet per mile; 17 per cent. over 65 feet per mile, and 10 per cent. is from 70 to 80 feet per mile. (See Characteristics of Road in last year's annual report).

In making the above table miles run by a pusher, or assisting engine in service are counted as train miles.

The heaviest engines in service weigh only $62\frac{1}{2}$ tons.

About 90 per cent. of the freight carried is one way tonnage, cars returning empty. Cars loaded with merchandise average light in tonnage. By constant effort we have succeeded in getting the average number of tons carried in coal cars up to 23 gross tons. There is but little merchandise carried on the Scranton Division, the tonnage being chiefly coal, and on that division the average tons carried per freight train in the last year was 292 tons.

The results of careful attention to the question of train loads are best shown in the following table, which gives the total train and car miles, and tons carried one mile for the same period :

Year ending	Train miles.	Car miles.	Tons carried one mile.
Sept. 30th, 1888.....	799,729	11,363,474	81,820,504
Sept. 30th, 1889.....	790,512	11,979,412	84,950,450
June 30th, 1890.....	921,771	14,357,674	103,883,353
June 30th, 1891.....	1,326,470	22,502,704	194,897,759
June 30th, 1892.....	1,624,718	28,584,646	263,839,116
June 30th, 1893.....	1,848,111	32,747,185	294,636,533
June 30th, 1894.....	1,930,101	33,202,453	328,533,616
June 30th, 1895.....	1,848,773	34,499,778	359,358,052
June 30th, 1896.....	1,834,808	34,609,182	356,414,070
June 30th, 1897.....	1,764,157	34,309,163	353,100,732
June 30th, 1898.....	1,617,886	32,432,447	354,127,528

In this statement it will be seen that the company has, in eleven years, increased its Main Line traffic, as shown by the ton miles, 332.8 per cent. The number of car miles increased 185.4 per cent., while the train mileage has increased but 102.3 per cent. As the object to be obtained is to carry the greatest possible amount of freight with the least amount of train mileage—in other words to haul the heaviest train load possible—an increase of only 102.3 per cent. in train miles run, with a gain of 332.8 per cent. in ton miles, is a gratifying record of the growing efficiency of the road, which has been accomplished under great difficulties on account of grades, and for the reason that the road had to be practically rebuilt in order that the heavier equipment, and heavier train loads could be safely carried.

EARNING POWER.

The following statement shows the results per mile of road operated for fiscal years 1887 to 1898, inclusive :

Year ending.	Gross Receipts.	Expenses incl. Taxes.	Net from Operation.	Surplus.
Sept. 30th, 1887.....	\$4,048	\$3,280	\$768	\$160
Sept. 30th, 1888.....	4,559	3,783	776	120
Sept. 30th, 1889.....	4,760	3,943	817	144
June 30th, 1890.....	5,188	4,168	1,020	345
June 30th, 1891.....	5,893	4,520	1,373	210
June 30th, 1892.....	6,849	5,162	1,687	434
June 30th, 1893.....	7,735	5,869	1,866	538
June 30th, 1894.....	8,059	5,732	2,327	880
June 30th, 1895.....	7,696	5,542	2,154	685
June 30th, 1896.....	7,927	5,660	2,267	788
June 30th, 1897.....	8,105	5,787	2,318	832
June 30th, 1898.....	8,148	5,831	2,317	838

CONDITION OF PROPERTY.

During the year the permanent way has been substantially improved, and the efficiency of the rolling stock increased.

In closing this report I take pleasure in acknowledging the faithfulness and efficiency with which the employes of the company in all departments have discharged their duties.

Yours respectfully,

J. E. CHILDS,
General Manager.

NEW YORK, August 30th, 1898.

OFFICE OF THE SECRETARY AND TREASURER.

New York, August 30th, 1898.

THOMAS P. FOWLER, ESQ.,

President.

DEAR SIR:—I beg to submit herewith statements of the General Accounts of the Company and statements of Operating Results for the fiscal year ended June 30th, 1898.

The accounts of the Company have been verified by the Auditors elected by the stockholders at the last Annual Meeting, Messrs. Barrow, Wade, Guthrie & Co., and the result of the audit is shown in their certificate hereto attached.

Yours respectfully,

R. D. RICKARD,

Secretary-Treasurer.

CERTIFICATE.

New York, August 29th, 1898.

To the Proprietors of the New York, Ontario & Western Railway Company:

We hereby certify that we have made a continuous monthly audit of the Books and Accounts of the Company for the year ending June 30th, 1898, and have compared the Vouchers with the Cash Book.

We have also examined the General Balance Sheet and Revenue Accounts for June 30th, 1898, and compared these with the various books, and we certify that the same are in conformity therewith. The earnings of the road, as shown in the Revenue Account, and the Operating Expenses, are truly and accurately stated.

In regard to Expenditure on Capital and Revenue Accounts, we notice that great care has been taken to correctly discriminate between these, and that nothing has been charged to Capital which properly belongs to Revenue.

We have in the course of our audit verified, from time to time, the cash balances at the Company's Bankers and the unissued bonds of the Company in the Treasury of the Company.

BARROW, WADE, GUTHRIE & Co.,

Auditors.

NEW YORK, ONTARIO AND

Accounts for the fiscal year

No. 1.—Statement of

Articles of Association.....	
May 13th, 1880, pursuant to Chap. 155, Laws of 1880, to carry out reorganization, not exceeding.....	
Consolidated First Mortgage, June 1st, 1880, 5 per cent. fifty-year bonds, redeemable @ 105 on and after June 1st, 1899, on six months' notice:	
To retire \$4,000,000 6 per cent. bonds.....	\$4,400,000
For purposes of Construction.....	5,600,000
Refunding Mortgage, June 1st, 1892, 4 per cent. one hundred year bonds:	
To retire the \$4,000,000 6 per cent. bonds, Sept. 1, 1892.....	5,500,000
" " 5,600,000 5 per cent. ".....	7,000,000
For general purposes.....	1,000,000
For additions, etc.....	6,500,000

No. 2.—Stock and Share Capital created,

Articles of Association and pursuant to Chapter 155, Laws of 1880.
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No. 3.—Bond Capital created,

	Amount Created.
Consolidated First Mortgage Bonds, 5 per cent.	\$5,000,000
Refunding Mortgage Bonds, 4 per cent.....	9,115,000
Total.....	\$14,115,000

No. 4.—Receipts and Expenditure

	Expended to June 30th, 1897.	Expended dur- ing year.	Total.
To Expenditure: On Main Line, Branches and Equipment.....	\$69,886,905 03	\$221,770 81	\$70,108,772 74
To Balance.....			1,085,210 10
			\$72,093,982 84

WESTERN RAILWAY COMPANY.

ending June 30th, 1898.

Capital authorized.

STOCK.		Bonds.	Total.
Common.	Preferred.		
\$48,000,000	\$2,000,000		
15,000,000			
		\$10,000,000	\$55,000,000
		20,000,000	

showing amount issued.

Amount Created.	Amount Issued.
\$60,113,982 84	\$58,113,082 84

showing amount issued.

Amount Issued.	Amount Unissued.
\$5,000,000	
8,375,000	\$740,000
\$13,375,000	\$740,000

on Capital Account.

	Received to June 30th, 1897.	Received During Year.	Total.
By Receipts:			
Common Stock.....	\$58,113,082 84		\$58,113,082 84
Preferred Stock.....	5,000 00		5,000 00
Consolidated First Mortgage 5 per cent. Bonds sold.....	5,600,000 00		5,600,000 00
Refunding Mortgage 4 per cent. Bonds sold..	8,375,000 00		8,375,000 00
			\$72,093,982 84

No. 4—Detail of Expenditure on Capital Account.

ROLLING STOCK—Additional—		
2 New York City Cars	\$16,178 57	
Balance paid on account of 850 Gondola Coal Cars, under Car Trust Agreements dated October 25th, 1890, and January 15th, 1891	31,178 55	
Amount paid on account of 500 Coal Cars, under agreement between the Michigan-Penninsular Car Co., the New York Guaranty and Indemnity Co., and the New York, Ontario & Western Railway Co., dated December 15th, 1891	40,000 00	\$97,357 12
IMPROVEMENTS TO ROLLING STOCK—		
Automatic Couplers to Freight Cars	\$4,650 00	
New Power Brakes	14,396 67	19,046 67
WORK SHOPS AND MACHINERY—		
Middletown	\$1,560 56	
Norwich	3,709 05	5,269 61
IMPROVEMENTS AND ADDITIONS TO LINE—		
Rails, Braces, and Fastenings; difference in weight, account of 3,433 tons of 76 lb. Steel Rails laid in place of 56 lb. Steel	\$18,103 07	
3.29 Miles additional Sidings and Safety Switches	22,152 94	
Guilford Creamery	1,760 64	
Signals	5,581 70	
Street Improvement, Fulton, (on a/c)	1,000 00	50,516 67
Retail Coal Trestle, "	1,918 32	\$168,230 67
Toronto Coal Plant		\$31,652 74
Land under Water, New Jersey		17,009 50
Land and Land Damages		4,099 50
		\$220,981 81
		795 00
4% Bonds Expense a/c		\$221,776 81

No. 6.—Revenue Account.—

June 30th, 1897.	EXPENDITURE.	June 30th, 1898.
\$ c.		\$ c.
546,017 30	Maintenance of Way and Structures	553,480 31
457,717 67	Maintenance of Equipment	469,753 68
1,531,200 59	Conducting Transportation	1,544,816 22
120,923 70	General Expenses	120,718 26
2,655,859 26	Total Operating Expenses	2,688,777 47
124,636 97	Taxes	112,865 23
2,780,496 23	Total Operating Expenses and Taxes	2,801,642 70
1,113,906 76	Balance carried to Net Revenue Account—No. 7	1,112,992 57
3,894,402 99		3,914,635 27

No. 7.—Net Revenue Account.—

280,000 00	To Interest on Consol. Mortgage 5 per cent. Bonds	280,000 00
329,055 56	“ “ Refunding “ “ “ “	335,000 00
75,000 00	“ Rent of U. C. & B. and R. & C. Railroads	75,000 00
3,750 00	“ “ Wharton Valley Railway	3,750 00
104,512 99	“ “ Ontario, Carbondale & Scranton Railway	103,528 68
4,477 22	“ Sundry Interest and Discounts	
796,795 77		797,278 68
399,910 99	To Balance, carried to Account No. 8	402,460 21
1,196,706 76		1,199,738 89

No. 8.—Profit and Loss Account.—

To Advance to Ontario, Carbondale & Scranton Railway Co.	628,894 76
“ Sundries	45,011 91
“ Balance carried to Account No. 9	2,611,173 02
	3,285,079 69

No. 9.—General Balance Sheet.—

ASSETS.	June 30th, 1898.
	\$ c.
Franchises and Property, per Statement No. 4	70,108,772 74
Preferred Stock Redemption Fund	5,000 00
Investments in other Companies	3,450,300 00
Cash at Bankers	170,271 94
Stores, Fuel, etc., on hand	230,111 04
Sundry Outstanding Accounts due to the Company	292,200 50
Outstanding Traffic Accounts due to the Company	525,406 83
Loans and Bills Receivable	840,484 82
Accrued Interest	8,810 00
Cars under Lease (Car Trust.)	17,500 00
	75,648,917 87

June 30th, 1898.

June 30th, 1897.	RECEIPTS.	June 30th, 1898.
\$ c.		\$ c.
638,659 26	Passengers	641,678 52
121,658 63	Mails and Express	122,774 23
3,075,505 24	Freight	3,000,280 34
58,579 86	Miscellaneous	59,902 18
		3,014,635 27
3,894,402 99		

June 30th, 1898.

1,113,906 76	By Balance of Revenue Account for the year, as per Account No 6	1,112,992 57
75,000 00	“ Interest on Bond of the Ontario, Carbondale & Scranton Railway Co. for \$1,500,000	75,000 00
90 00	“ Interest on Bonds of the Preston Park Association for \$1,500	90 00
7,650 00	“ Interest on Bonds of the West Ridge Coal Co. for \$153,000	
60 00	“ Interest on Bonds of the Rush Brook Coal Co. for \$6,000	360 00
	“ Interest on Bonds of the Johnson Coal Co for \$20,000	7,500 00
	“ Sundry Interest and Discounts	3,798 32
1,196,706 76		1,199,738 89

June 30th, 1898.

By Balance at July 1st, 1897	2,681,687 28
“ Balance of Net Revenue Account, year ended June 30th, 1898	402,460 21
“ Balance of Wharton Valley Railway Construction Fund	54,205 57
“ Balance of Hancock and Pennsylvania Railroad Construction Fund	147,320 63
	3,285,673 69

June 30th, 1898.

LIABILITIES.	June 30th, 1898.
	\$ c.
Common Stock	58,113,982 84
Preferred “	5,000 00
Consolidated First Mortgage 5 per cent. Bonds .. “ “ ..	5,000,000 00
Refunding Mortgage 4 per cent. Bonds .. “ “ ..	3,375,000 00
Interest on Funded Debt, due and accrued	154,512 50
Sundry Outstanding Accounts due by the Company	209,603 04
Outstanding Traffic Accounts due by the Company	77,192 64
Wages for month of June	124,953 83
Loans and Bills payable	300,000 00
Balance under Car Trust Agreement	17,500 00
Profit and Loss Account	2,611,173 02
	75,648,917 87

No. 10.—Expenditure on

MAINTENANCE OF WAY AND STRUCTURES.		
	June 30th, 1897.	June 30th, 1898.
	\$ c.	\$ c.
1. Repairs to Roadway	264,016 87	261,512 96
1½. Clearing Snow and Ice.....	9,114 81	12,953 30
2. Renewals of Rails.....	34,245 83	40,814 67
3. Renewals of Ties.....	95,985 11	92,743 13
4. Repairs and Renewals of Bridges and Culverts.....	72,538 99	76,435 79
5. Repairs and Renewals of Fences, Road Crossings, etc.....	17,399 03	19,697 40
6. Repairs and Renewals of Buildings and Fixtures.....	39,698 55	39,303 99
7. Repairs and Renewals of Docks and Wharves.....	.....	.....
7½. Repairs and Renewals of Coal Terminals.....	9,008 64	8,032 76
8. Repairs and Renewals of Telegraph.....	426 83	474 61
9. Stationery and Printing.....	1,503 50	1,515 70
10. Other Expenses.....	570 14	.....
	540,017 30	553,489 31
Per Cent. on Gross Receipts.....	14.02	14 14
Per Mile Line and Sidings owned and leased.....	\$024 86	\$030 18
Per Ton Freight carried.....	c. 21.91	c. 22.33
MAINTENANCE OF EQUIPMENT.		
	\$ c.	\$ c.
11. Superintendence.....	17,015 46	17,300 67
12. Repairs and Renewals of Locomotives.....	182,471 23	172,479 84
13. Repairs and Renewals of Passenger Cars.....	58,215 08	61,023 12
14. Repairs and Renewals of Freight Cars.....	162,291 66	170,703 86
15. Repairs and Renewals of Work Cars.....	1,589 80	1,986 75
16. Repairs and Renewals of Marine Equipment.....	3,067 09	8,749 07
17. Repairs and Renewals of Shop Machinery and Tools.....	11,343 80	14,974 77
18. Stationery and Printing.....	1,699 45	1,557 80
19. Other Expenses.....	20,122 00	20,977 80
	457,717 67	469,753 68
Per Cent. on Gross Receipts.....	11.75	12.00
Per Traffic Engine Mile.....	c. 12.09	c. 13.86
Per Traffic Car Mile.....	c. 1.19	c. 1.28

Revenue Account.

CONDUCTING TRANSPORTATION.		
	June 30th, 1897.	June 30th, 1898.
	\$ c.	\$ c.
20. Superintendence.....	48,852 79	49,272 03
21. Engine and Round-house Men.....	258,582 43	249,514 06
22. Fuel for Locomotives.....	236,860 09	222,310 93
23. Water Supply for Locomotives.....	14,643 98	13,680 63
24. Oil, Tallow and Waste for Locomotives.....	12,692 45	10,536 63
25. Other Supplies for Locomotives.....	2,302 27	1,917 26
26. Train Service.....	218,834 37	210,318 84
27. Train Supplies and Expenses.....	24,901 05	26,440 43
28. Switchmen, Flagmen and Watchmen.....	56,897 02	56,853 83
29. Telegraph Expenses.....	49,187 84	48,647 27
30. Station Service.....	127,920 67	131,492 00
31. Station Supplies.....	18,739 55	21,925 27
32. Switching Charges—Balance.....	603 70	330 22
33. Car Mileage—Balance.....	33,674 88	28,561 45
34. Hire of Equipment.....	.....	.....
35. Loss and Damage.....	11,969 93	8,039 14
36. Injuries to Persons.....	29,767 12	36,460 08
37. Clearing Wrecks.....	3,522 54	2,734 63
38. Operating Marine Equipment.....	47,264 94	41,462 34
39. Advertising.....	17,066 79	17,166 49
40. Outside Agencies.....	39,009 92	35,506 39
41. Commissions.....	.....	.....
42. Stock Yards and Elevators.....	.....	.....
42½. Coal Terminals.....	34,915 64	34,351 66
43. Rents for Tracks, Yards, and Terminals.....	210,203 03	262,685 83
44. Rents of Buildings and other Property.....	17,576 22	16,959 13
45. Stationery and Printing.....	11,141 46	10,832 30
46. Other Expenses.....	4,528 31	6,076 39
	1,531,200 50	1,544,816 22
Per Cent. on Gross Receipts.....	39.32	39.40
No. of Passengers Carried.....	608,811	872,632
No. of Tons of Freight Carried.....	2,402,056	2,479,292
GENERAL EXPENSES.		
	\$ c.	\$ c.
47. Salaries of General Officers.....	37,699 02	37,699 02
48. Salaries of Clerks and Attendants.....	39,288 82	41,074 85
49. General Office Expenses and Supplies.....	4,009 82	5,382 54
50. Insurance.....	14,812 73	13,300 71
51. Law Expenses.....	5,063 40	6,237 72
52. Stationery and Printing (General Offices).....	3,991 60	3,720 21
53. Other Expenses.....	16,027 41	13,302 31
	120,913 70	120,718 26
Per Cent. on Gross Receipts.....	3.11	3.08

No. II.—Mileage.

	June 30th, 1897.	June 30th, 1898.
Main Line: Cornwall to Oswego	271.75	271.75
Ellenville Branch	7.80	7.80
Delhi Branch	16.84	16.84
New Berlin Branch	22.38	22.38
Total miles owned	318.77	318.77
TRACKAGE RIGHTS.		
Weehawken to Cornwall: Over West Shoro R.R.	53.07	53.07
LINES LEASED.		
Randallsville to Utica (U. C. & B. R.R.)	31.30	31.30
Clinton to Rome (R. & C. R.R.)	12.78	12.78
Wharton Valley R'y	6.80	6.80
Ontario, Carbondale & Scranton R'y	54.05	51.05
Pecksport Connecting R'y	3.69	3.69
Total miles leased	108.62	108.62
Total miles worked by Engines	480.46	480.46
TRACK MILEAGE.		
Main Line	271.75	271.75
Branches	47.02	47.02
Main Line Sidings	103.95	107.22
Branch Line Sidings	5.03	5.05
Total Tracks and Sidings Owned	427.75	431.04
Leased Lines	108.62	108.62
Leased Lines Sidings and Mine Branches	51.01	55.37
Total Tracks and Sidings Leased	162.63	163.99
Total Tracks and Sidings Owned and Lensed..	590.38	595.03

No. 12.—Statement of Engine and Car Mileage.

	June 30th, 1897.		June 30th, 1898.	
	ENGINE	CAR	ENGINE	CAR
Passenger Trains	826,479	3,265,734	842,960	3,370,368
Freight Trains	1,267,163	28,653,975	1,116,404	26,451,628
Mixed Trains	662,659	6,399,685	668,642	6,739,436
Total Train Miles	2,756,301	36,319,394	2,628,006	36,561,432
Switching, Light Running, etc.	767,363	.....	759,694	.....
Total Traffic Engine and Car Miles..	3,523,664	36,319,394	3,387,700	36,561,432
Work Trains	71,528	799,010	69,091	823,855
Gross Engine and Car Miles	3,595,192	39,119,004	3,456,791	37,385,317

No. 14.—Return of Rolling Stock, June 30th, 1898.

	PASSENGER AND FREIGHT CARS.																
	Locomotives.	Second Class.			Baggage and Express.		Total Passenger Cars.	Cattle.	Platform.	Box.	Milk.	Carhouse.	Coal.	Total Freight Cars.	Derrick and Tool Cars, Snow Plows and Dump Cars.	Grand Total.	
		First Class.	With Smoking Compartment.	With Mail and Smoking Compartment.	Ordinary.	Ordinary.											With Mail Compartment.
Stock owned at June 30th, 1897	133	60	7	2	29	17	8	123	64	646	659	47	58	3537	5011	38	5172
Added and Charged to Capital Operating		2						2									2
Changed From.....		1					1	1									1
To.....							1	2									2
Destroyed.....					1	1		1					850	850			851
																	1
Total Stock Owned.....	133	61	7	2	30	16	8	124	64	646	659	47	58	4387	5861	38	6023
Cars Leased under Car Trust Agreement.....														500	500		500
Total Stock Owned and Leased.....	133	61	7	2	30	16	8	124	64	646	659	47	58	4887	6361	38	6523