

BEFORE THE RAILROAD COMMISSION  
OF THE STATE OF CALIFORNIA.

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In the Matter of Ascertaining the  
Value of the property of SIERRA  
RAILWAY COMPANY OF CALIFORNIA, with-  
in the State of California.

Case No. 193.

P. F. Dunne, of Morrison, Dunne & Brobeck, for  
Sierra Railway Company of California.

ESHLEMAN, Commissioner.

REPORT OF THE COMMISSION

This is one of the so-called railroad valuation cases brought upon the Commission's own initiative for the purpose of ascertaining the facts entering into the value of the property of the various steam railroad corporations in the State of California. These proceedings were originally instituted under the provisions of Section 20 of the Stetson Act, effective February 10, 1911, and were continued under the provisions of the Public Utilities Act, effective March 23, 1912. The sections of the Public Utilities Act particularly applicable to these proceedings are Sections 47 and 70, and for the general procedure in these valuation cases and for a general description of the work performed by the Commission's engineering department therein reference is hereby made to this Commission's opinion and findings in Case No. 206, being the matter of ascertaining the value of the property of the Stockton Terminal and Eastern Railroad Company. As in that case, so here also, I shall make findings of fact bearing on the question of value as shown by the evidence in this case, and shall not make findings on the question of the value of the property, irrespective of the purposes for which the value is ascertained, but shall leave to the future the use of these facts and such thereof as may be material in any proceedings in which these facts may become relevant; and the fact that a finding is made on <sup>e</sup> particular matter is not to be

construed as expressing the view of this Commission that that particular matter should enter into a consideration of the value of the property of this railway company for any particular purpose. For instance, I shall find in this case that it would reasonably cost a certain amount of money to secure the right of way and real estate which this Company utilizes in the operation of its road as a common carrier, assuming that the railway was not constructed nor in existence and that all other local conditions, both physical and commercial, are as they are, but in making this finding I shall not pass on the question as to whether this amount should be considered at all in subsequent controversies affecting this railway as to rates, the issuing of securities, or in other matters. I shall confine myself to the finding of facts relative to different elements, which have from time to time been considered by the courts in cases where the value of the property of a railroad company has been material. In making findings of facts in this case I shall consider the following matters:

- (1) Organization, construction and operation.
- (2) Stocks and bonds.
- (3) Revenues and expenses.
- (4) Original cost as defined.
- (5) Reproduction value as defined.
- (6) Present value as defined.

Before proceeding further I will define certain terms which will be used herein.

The term "Original Book Cost", as used in this opinion, means the actual expenditures, chargeable to capital account in accordance with the classification of expenditures for road and equipment as prescribed by the Interstate Commerce Commission for steam roads, made by the railroad company for its operative property in the State of California, as of June 30, 1912.

The term "Reproduction Value", as used in this opinion, means the estimated cost in cash of acquiring the operative right

of way and other real estate and of reproducing in the condition in which it was acquired the other physical property of the railroad company in the State of California, as of June 30, 1912, to which are added overhead expenditures for engineering, law, interest and commissions, and similar items.

The term "Present Value", as used in this opinion, means the "Reproduction Value" less the diminution in value of the physical elements of the property, due to use, age, obsolescence, inadequacy and other causes, plus appreciation where found. This might properly be called "Depreciated Reproduction Value", and does not mean the ultimate fact of present value, as that term is ordinarily used.

In accordance with this Commission's order dated October 24, 1911, the Sierra Railway Company of California on February 15, 1912 filed an inventory of its property in the State of California, together with an estimate of its reproduction value and present value, the final summary sheet of which is attached to this opinion and marked "Exhibit A".

On April 19, 1913 this Commission's engineering department submitted its detailed report in the above proceeding. A copy of its final summary sheet, as presented on said day, is attached hereto and marked "Exhibit B".

Thereafter, on May 6, 1913, May 17, 1913 and June 11, 1913, hearings were held in this proceeding. The railway company was represented and made numerous objections to the report of this Commission's engineering department, particularly with reference to the department's estimate as to reproduction value and present value, as will hereinafter appear.

*Cs* (1) ORGANIZATION, CONSTRUCTION AND OPERATION.

The Sierra Railway Company of California was incorporated on the 1st day of February, 1897, for the purpose of constructing and operating a standard gauge railroad, for the carriage of passengers and freight, from the City of Oakdale, on the Southern Pacific Company's lines in Stanislaus County, California, in a

general easterly and northeasterly direction to a point in Calaveras County, near the Town of Angels, a distance of approximately 65 miles, with the following branch lines:

1. To Modesto, Stanislaus County, a distance of 18 miles.
  2. To Knights Ferry, Stanislaus County, a distance of 9 miles.
  3. To La Grange, Stanislaus County, a distance of 6 miles.
  4. To Coulterville, Mariposa County, a distance of 25 miles.
- A total of 59 miles of branch lines.

Only a portion of the projected lines was constructed.

The line as constructed and operated consists of a main line extending from Oakdale in Stanislaus County to Tuolumne in Tuolumne County, with a branch line from Jamestown, Tuolumne County, on the main line, to Angels, Calaveras County, which is known as the "Angels Branch", a total distance of main line mileage of 56.81 and a branch line mileage of 19.47. Between Oakdale and Tuolumne on the main line there are 8.98 miles of siding, spur and industry track, and on the Angels Branch there are 1.25 miles of such track. There is a total mileage of main line and branch line tracks of 76.28 and of all tracks, 86.51.

The present President of the Sierra Railway Company of California, was the principal promoter of the railway company and also President of the West Coast Construction Company, which company constructed all of the road that is now operated by this company. Prior to the incorporation of the railway company he had acquired the greater portion of the necessary right of way in Stanislaus, Tuolumne and Calaveras Counties, which right of way was turned over to the railway company for a cash consideration of \$11,600.00, and a certain amount of capital stock of the railway company. In March, 1897 the Sierra Railway Company of California entered into four contracts with the West Coast Construction Company, providing for the complete construction, inclusive of track, of 40 miles of railroad from Oakdale to Jamestown. This construction was over the

original location of the line, a part of which, aggregating 9 miles in length, was later abandoned in favor of a better location. This construction work was not heavy, and on June 21, 1897 the line between Oakdale and Cooperstown, a distance of 19 miles, was completed and opened for traffic, and in December of the same year the line was completed to Jamestown. The West Coast Construction Company not only constructed the roadbed and the track but also equipped the railway with rolling stock and built necessary structures, such as water tanks, engine houses, storehouses, turntables, etc. On August 29, 1898, the railway company contracted with the same construction company to construct the line from Jamestown to Sonora, a distance of about 4 miles, and on November 15, 1898 the same construction company secured another contract for the construction of an additional 11 miles from Sonora to Summerville. On December 24, 1898 it was decided to abandon approximately 9 miles of constructed road between Rosasco and Chinese and to reconstruct that portion of the line in a better location, the same construction company securing the contract for this work. In 1899 the construction company built the Angels Branch line from Jamestown to Angels, a distance of approximately 20 miles. In 1900 the road was practically completed as it is at present located and constructed, and all of the construction work, except some minor structures and a portion of the equipping of the road, was done by the West Coast Construction Company, the president of which was also the then general manager and now the president of the Sierra Railway Company of California.

Several adjustments and settlements with sub-contractors were necessary until <sup>in</sup> 1903 the total cost of the road, as shown by the company's books, was \$6,152,709.86, or \$81,170.32 per mile of road for 75.80 miles. Of this amount \$2,514,000 was represented by bonds and \$3,248,000 by capital stock, leaving approximately \$390,000 represented by cash. Practically all of the stock and bonds were held by the then general manager of the road, T. S. Bullock, in his capacity as owner and president of the West Coast Construction Company.

The character of the country traversed by the road is for the most part mountainous, though the westerly 11 miles of the main line between Oakdale and Paulsell crosses flat, level, irrigated farm lands in the San Joaquin Valley. From Paulsell to Chinese are found rolling, grazing and brushy foothills developing near Jamestown into the Sierra Mountains, in which district is located a large area of the great "Mother Lode" mining country. From Jamestown to Tuolumne the road traverses rough, rocky hills, which are used for grazing, and are partly covered with bull pine and scrub oak. The Angels Branch practically follows the "Mother Lode" vein, winding back and forth along steep sidehills of solid rock, on which is found a small amount of scattered timber.

The company operates one passenger and one mixed train each way daily between Oakdale and Tuolumne, and one train each way daily between Jamestown and Angels.

At Oakdale the road connects with the Southern Pacific and The Atchison, Topeka & Santa Fe lines. Both roads run their passenger cars from Oakdale through to Jamestown.

## (2) STOCKS AND BONDS.

The capital stock of the railway company consists of 50,000 shares of common stock, with a par value of \$100.00 each, or a total authorized capitalization of \$5,000,000. The total outstanding stock has a par value of \$3,248,000. The bonded indebtedness of the company consists of two series of mortgage bonds, each for 40 years, as follows:

First series, issued April 12, 1897, being outstanding first mortgage bonds of \$1,147,000, bearing interest at 6%, of an authorized issue of \$1,860,000.

Second series, being second mortgage bonds of \$859,000, issued September 15, 1904, of an authorized issue of \$860,000, bearing interest at 5%.

When the road was incorporated, on February 1, 1897, there was an authorized issue of capital stock of \$5,000,000, divided into

50,000 shares of \$100.00 each. \$124,000 of this amount was subscribed for, or \$1,000 for each mile of road proposed to construct. One-tenth of the par value of subscribed stock, or \$12,400.00 was paid into the treasury of the corporation. Immediately after the incorporation of the company the Board of Directors authorized the creation of a bonded indebtedness of \$3,720,000, to be divided into two issues, as follows:

1. \$1,860,000---40 year, first mortgage, sinking fund, 6% gold bonds.

2. \$1,860,000---40 year, second mortgage, income 6% gold bonds.

Both mortgages to be secured by all present and future property of the company and by two sinking funds, the first mortgage having priority. These sinking funds were set aside under the following provisions:

First Mortgage Sinking Fund:

On April 12th of each year, beginning with April 12, 1899, until the principal is redeemed, the company shall pay to the trustee 5% of the net earnings of the company over and above the operating expenses and fixed charges as a sinking fund for the redemption of the bonds and payment of the interest. The sinking fund to be not less than \$5000 per annum.

Second Mortgage Sinking Fund:

On April 12th of each year, beginning with April 12, 1900, 1% of the net earnings shall be set aside as a sinking fund for redemption of principal and payment of interest of Second Mortgage bonds.

Most of the records of this company were lost in the San Francisco fire of April 1906, and it is impossible to determine the exact amount of stocks and bonds that were voted to the West Coast Construction Company in payment for the construction of the road, but practically all of the stocks and bonds were held by the West Coast Construction Company.

The First Mortgage bonds paid the interest of 6% from the beginning. The interest on the original Second Mortgage was not paid and in August, 1903 the directors of the company resolved that in order to pay the debts and contracts of the company for the completion and construction of the railway with its equipment, it would be necessary to create an additional bonded indebtedness of \$360,000. These bonds were to be made payable in 40 years from date of issue and to bear interest at 5% per annum. The authorization and issuance of this bond issue was protested at a meeting of the stockholders on October 28, 1903, the protest being based on the following:

First: That the company held in its possession many hundreds of bonds of its former mortgages, all of which could be sold and issued and money obtained therefor, and no necessity existed for an increase in the bonded indebtedness of the company.

Second: That there were then issued and outstanding more than 1,000 bonds secured by second mortgage on all of the property of the company, and that the company obligated itself to create a sinking fund of 1% of the net earnings, and to pay interest at 6%, and that the company had not complied with these provisions, and stated as the reason for its failure to do so that there had been no net earnings of the company. For these reasons, the creation of another bonded indebtedness would be a violation of the rights of the holders of the second mortgage bonds, and in view of the condition of the company and the fact that it had such a large amount of <sup>unsold and</sup> unissued bonds under its prior mortgages, it would be entirely unwarranted in law and beyond the power of the company to do so.

This protest was outvoted, and on September 15, 1904 the new bond issue of \$360,000 was authorized and \$633,000 of the new issue was exchanged for \$1,266,000 of the old second mortgage 6% bonds at the rate of one of the new bonds for two of the old ones, since which time the interest on the entire bonded indebtedness has been met when due.



The directors of this company on July 26, 1905 amended the Articles of Incorporation, enlarging the powers of the company and enabling it to guarantee the bonds of any other road whose property it might acquire, own or lease. Immediately thereafter the Yosemite Short-Line Railway Company was incorporated in California to build from Jamestown to the Yosemite Valley, a distance of approximately 60 miles, with a branch line to Hetch Hetchy Valley, a distance of about 10 miles. Construction on this line was started in the latter part of 1905 and construction contracts were entered into between the four following separate corporations for the construction of this road:

- 1st. The Sierra Railway Company of California,
- 2nd. The Yosemite Short-Line Railway Company,
- 3rd. The French Finance Corporation of America,
- 4th. The Tuolumne Construction Company.

The officers of the Sierra Railway were interested in the three latter companies.

Among other provisions in the contract, the Sierra Railway Company of California agreed to guarantee the payment of principal and interest of the Yosemite Short-Line Railway Company's bonds on condition that 6,250 bonds (\$625,000) be issued immediately, and that the Sierra Railway Company of California be the depository of all the bonds and proceeds thereof. The Yosemite Short-Line Railway Company agreed to the provisions of the contract and the French Finance Corporation of America agreed to purchase the bonds from the Tuolumne Construction Company, who were to receive the same in payment for the grading of the road. The president of the Sierra Railway was also the president of this construction company.

The French Finance Corporation of America advanced to the construction company, prior to the issuance of bonds, the sum of \$64,800.00, which was to be considered as the first payment on the bonds. Construction work began in September, 1905, and about 10 miles of roadbed was graded and track was laid for about 6 miles, but in

the spring of 1906, immediately subsequent to the earthquake, abruptly ceased and was never resumed, and such track as had been laid has since been taken up and used for other purposes.

The construction of this road was undertaken to reach a large tract of timber land controlled by the president of the Sierra Railway Company of California through the Bullock Lumber Company. The president later sold these timber holdings and the construction of the road was no longer essential to his purposes.

The attempt to construct this road cost the Sierra Railway Company of California a considerable amount of money, but how much it is impossible to ascertain. The interest on the worthless bonds was paid by the Sierra Railway Company of California, and in 1912 this item amounted to \$16,401.70. This entire venture resulted in a total loss to the company.

Other instances occurred in the history of this company where its treasury was made to carry the burden of its chief officer's private business undertakings, and the conclusion presents itself that the Sierra Railway Company of California to a large extent must be considered as an adjunct to the varied business interests of its president. If as such it served its purpose, it was otherwise only necessary that the road pay operating expenses and interest on funded debt, with dividends on stock an entirely secondary consideration.

(3) REVENUES AND EXPENSES.

The revenues and expenses of the railway company for the year ending June 30, 1912 appear in the annual report of the company on file with this Commission, as follows:

Operating Revenues

Freight Revenue.....	\$297,543.60	
Passenger Revenue.....	107,254.07	
Excess Baggage Revenue.....	1,445.87	
Mail Revenue.....	5,770.13	
Express Revenue.....	11,495.05	
Other Passenger Train Revenue.....	75.00	
Switching Revenue.....	250.00	
Revenue from operations other than Transportation.....	<u>2,035.01</u>	
Total Operating Revenues.....		\$425,868.73

### Operating Expenses.

Maintenance of Way and Structures.....	\$ 88,829.45
Maintenance of Equipment.....	53,798.28
Traffic Expenses.....	4,573.56
Transportation Expenses.....	87,788.87
General Expenses.....	17,231.35
Total Operating Expenses.....	\$237,221.51

Net Operating Revenue.....\$188,647.22  
 Operating Ratio..... 55.70

Passenger earnings since 1905 have practically been stationary.

In 1907 freight revenue reached its highest point since the road began operating, and in 1912 it had almost regained the figure of 1907. The net operating revenue was higher in 1912 than in any previous year and the accumulated surplus exceeded a half million dollars.

Below are the principal traffic figures of 1912 as taken from the company's annual report to the Commission:

#### Passenger Traffic.

Number of Revenue passengers carried .....	55,713
Number of passengers carried one mile.....	1,728,444
Average distance carried, miles.....	31.02
 Total Passenger Revenue.....	\$107,254.07
Average amount received from each passenger.....	1.92
Average receipts per passenger per mile.....	.062
Passenger service train revenue per mile of road.....	1,666.31

#### Freight Traffic.

Number of tons carried earning revenue.....	136,537
Number of tons carried one mile.....	85,086
Average distance haul of one ton, miles.....	47.13
Total freight revenue.....	\$ 297,543.63
Average amount received for each ton of freight.....	\$ 2.13
Average receipts per ton mile.....	\$ .046
Freight revenue per mile of road.....	\$ 3,933.68

The principal commodities transported over this road are products of forest and products of mine. The freight traffic movement during the year 1912 was as follows:

Products of Agriculture.....	5.96%
Products of Animals.....	0.43%
Products of Mines.....	31.31%
Products of Forests.....	39.85%
Manufactures.....	18.72%
Merchandise.....	1.99%
Miscellaneous.....	1.74%
Total.....	100.00%

#### Original Book Cost.

The original book cost of this property was not furnished by

the company for the reason that all cost records were destroyed in the San Francisco fire in 1906. The Commission's engineering department made an attempt to determine the original cost of the property, but could not arrive at the actual cash outlay which was made to complete and place the property in condition to operate, together with the expenditures for additions, betterments and improvements since the original construction was completed.

The investigation into the books of the company, conducted by the Commission's engineering department, however, has led to results which permit of a close estimate of the actual cash investment being made. It has already been pointed out that in 1900, when the road was practically completed as it stands to-day, the total cost of the property stood on the Company's books as \$6,152,709.86, or \$81,170.31 per mile of road for 75.80 miles. The largest part of this book cost was represented by stocks and bonds. The actual cash investment into the property at that time was not more than \$1,257,000, or approximately \$16,600 per mile, and this figure includes the profits to the West Coast Construction Company. These profits were large. Second-hand rails, for instance, the contracting company in 1897-1898 billed against the railroad company at \$40.00 per gross ton. The price of steel rails reached its lowest level in those years, and new rail could be bought at Pacific Coast terminals in 1898 at a little less than \$29.00 per gross ton.

Subsequent to the year 1900 large portions of the earnings were spent in betterments to roadbed and equipment, until to-day the physical value of the property is easily equal to its outstanding debt. This line, therefore, affords a very good example of the type of railroad where the physical property is built up, after completion of original construction, entirely out of earnings and without the investment of any additional capital, and where value is put behind securities which were worth little or nothing when issued.

#### Reproduction Value.

The railway company made an extended attack on the engineer-

ing department's estimate, both as to "reproduction value" and "present value." The reproduction value estimate presented by the railway company is \$4,667,090.76. The reproduction value as presented by the Commission's engineering department is \$2,697,589.40, the difference being \$1,969,501.36.

Subsequent to the hearing in this case the Chief Engineer, who made the inventory and appraisal for the railway company, was given access to the records and memoranda of this Commission's engineering department, on which unit prices, depreciation and other factors entering into the Commission's engineering department's report were based. A statement was then filed with the Commission by the company, in which it was requested that the Commission's engineering department's estimate of reproduction value be increased \$516,875.81 and the present value increased \$585,453.92.

If the increase were allowed, as requested in this supplemental statement, this Commission's engineering department's estimate would still be \$1,452,625.55 lower than the estimate as originally submitted by the company, and on which there was no contest. The company's objection to the department's estimate was particularly directed to the unit costs used by the department, and inasmuch as the basis for the department's unit costs are fully explained in its report, and the railway company did not present the actual cost of work on any similar piece of construction, except for grading, and which unit costs were secured from the engineering department of this Commission, the objections were based entirely upon the opinion and testimony of its Chief Engineer, and, further, due to the fact that the railway company conceded by the supplemental statement filed, its estimate of reproduction value was \$1,452,625.55 in excess of what it should be, I will not consider this matter further, except for the item of grading.

At the hearing the unit costs allowed by the engineering department were attacked generally, and after an examination of the

records and memoranda of the engineering department on Cost Data by the company's Chief Engineer, a supplemental statement was filed requesting increases in the unit costs of grading. The increases asked were based principally upon the actual cost of grading of the California Northeastern Railway. Unit costs of work on this construction were not uniform, but varied, and the highest prices paid were taken by the engineer for the railway company and presented to the Commission in the supplemental statement as the fair prices to be allowed for similar work in estimating the cost of reproducing the property of this company. Some of these prices were high, but the average prices for all the work done were less than the unit prices allowed by the department, and if the average prices paid on the California Northeastern Railway were applied to the grading quantities of the Sierra Railway, ~~xxxxxx~~ as seems to be requested in the supplemental statement of the company, there would result a reduction of \$65,597.45 below the amount as estimated by the engineering department, for grading.

This Commission is anxious at all times to make a fair valuation, and will rectify any mistakes or low valuations when such appear, but in the present case, from all the evidence submitted, I do not believe that a proper showing has been made upon which the department's estimate can be changed. After a careful consideration of all the evidence in the case bearing on the matter of reproduction value, including the supplemental statement filed by the company, I find the "reproduction value", as that term is herein defined, of the operative property of the Sierra Railway Company of California, as of June 30, 1912, to be the sum of \$2,697,589.40.

#### Present Value.

In the Minnesota Rate Cases, the United States Supreme Court emphasizes the importance of determining a "present value" as distinguished from the "reproduction value." In that case it was not denied that there was no depreciation in fact, but the Master found that the depreciation was more than offset by appreciation in certain

items, and allowed the cost of reproduction new without deduction for depreciation for the basis for rate fixing. Mr. Chief Justice Hughes refused to approve of this disposition of the matter, and in delivering the opinion of the court pointed out that "the depreciation in question is not that which has been overcome by repairs and replacements, but is the actual existing depreciation in the plant as compared with the new one."....."It would seem to be inevitable that in many parts of the plant there should be such depreciation, as for example in old structures and equipment remaining on hand. And when an estimate of value is made on the basis of reproduction new, the extent of existing depreciation should be shown and deducted." This branch of the subject was concluded as follows: "And when particular physical items are estimated as worth so much new, if in fact they be depreciated, this amount should be found and allowed for. If this is not done, the physical valuation is manifestly incomplete, and it must be regarded as incomplete in this case."

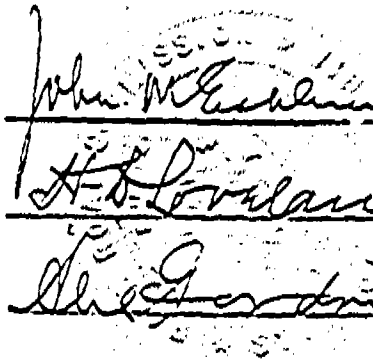
At the hearing in this proceeding the railroad company complained that the engineering department's estimate of present value was unfair to the company in many respects, but as in "reproduction value" nothing other than opinion testimony was given, and as in "reproduction value", I do not feel that the testimony introduced warrants alteration of the engineering department's estimate.

It is the Commission's aim in all these cases to make findings that are fair and just, not as applied to some average railroad, but to the particular railroad which is the subject of the Commission's investigations. Average unit prices and average percentages of depreciation are of great value as a basis in this work, but the engineering department makes a modification in all cases where conditions are not average.

I find that the "present value," as that term is herein defined, of the operative property of the Sierra Railway Company of California, as of June 30, 1912, is the sum of \$2,432,792.00.

The foregoing opinion and findings are hereby approved and ordered filed as the opinion and findings of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 27<sup>th</sup> day of December, 1913.

  
John W. Buchanan  
H. D. Loveland  
Alfred Gordon  
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Commissioners.



Name of Owner Sierra Railway of California

FORM No. 48.

Valuation as of June 30, 1912

Operating Co. do

CALIFORNIA RAILROAD COMMISSION

Division Trunk Line

PHYSICAL VALUATION OF STEAM RAILROADS

From Oakdale To Mudstone

FINAL SUMMARY SHEET

Miles, Main Line Track 58.27

~~Miles, Branch Line~~ 19.47

~~Miles, Branch Line~~

Total

Field Inspector  
 Date Compiled July 1912  
 Office Compiler  
 Joint Main Line \_\_\_\_\_ Miles  
 Joint Second Track \_\_\_\_\_ Miles  
 Joint Yard Track, etc. \_\_\_\_\_ Miles  
 Total \_\_\_\_\_ Miles

Class No.	Form No.	C.C. Acct. No.	CLASSES	ORIGINAL COST	REPRODUCTION VALUE	Cond. pr. et.	PRESENT VALUE
1	1	2	Right of way and station grounds.		125698 55		262526 50
2	2	3	Real estate.				
3	3	4	Grading.		1453416 02		1728919 26
4	4	5	Tunnels.				
5	5	6	Steel bridges and trusses.		11214 05		10633 46
6	6	6	Pile and frame trestles.		146271 09		61395 59
7	7	6	Culverts.		91125 48		86630 38
8	8	7	Ties.		303431 18		229339 91
9	9	8	Rails.		286513 41		257852 87
10	10	9	Frogs and switches.		10600 00		9622 25
11	11	10	Track fastenings and other material.		94233 68		87211 57
12	12	11	Ballast.				
13	13	12	Tracklaying and surfacing.		449768 80		483307 38
14	14	13	Roadway tools.		103917 00		103917 00
15	15	14	Fencing right of way.		8584 84		7848 91
16	16	15	Crossings and signs.		35840 45		32727 11
17	17	16	Interlocking plants.		3946 74		3813 40
18	18	16	Signal apparatus.				
19	19	17	Telegraph and telephone lines.		3355 50		3355 50
20	20	18	Station buildings and fixtures.		34725 00		33075 00
21	21	18	Platforms, walks, paving and curb.		3360 00		3154 66
22	22	19	General office buildings and fixtures.		11000 00		11000 00
23	23	20	Shop buildings and engine houses.		18220 00		15398 00
24	24	20	Transfer and turntables, cinder pits, etc.		5208 32		4902 99
25	25	20	Miscellaneous shop buildings and structures.		1675 00		1460 00
26	26	21	Shop machinery and tools.		30575 00		28415 00
27	27	22	Water stations.		16133 30		15624 15
28	28	23	Fuel stations.		12964 80		12964 80
29	29	24	Grain elevators.				
30	30	25	Storage warehouses.				
31	31	26	Dock and wharf property.				
32	32	27	Electric light plants.				
33	33	28	Electric power plants.		726 00		726 00
34	34	29	Electric power transmission.		150 25		150 25
35	35	30	Gas producing plants.				
36	36	31	Miscellaneous structures.		21010 00		19520 00
Total Classes 1 to 36, inclusive.					3284164 46		3506502 84
37	--	1	Engineering-----per cent, 1 to 36, inclusive.		164208 22		164208 22
38	37	32	Transportation of men and material.		29922 73		29922 73
39	38	33	Rent of equipment.		11490 00		11490 00
40	38	34	Repairs of equipment.		4407 00		4407 00
41	--	35	Earning and operating exp. during construction.				
42	--	35 1/2	Injuries to persons.				
43	--	36	Cost of road purchased.				
Total Classes 1 to 43, inclusive.					3494192 41		3716529 79
44	39	37	Steam locomotives.		106510 00		91339 00
45	--	38	Electric locomotives.				
46	40	39	Passenger train cars.		22100 00		19890 00
47	41	40	Freight train cars.		31150 00		28987 00
48	42	41	Work equipment.		12275 00		10850 00
49	43	42	Floating equipment.				
Total Classes 1 to 49, inclusive.					3666227 41		3867595 79
50	--	43	Law expenses-----per cent, Classes 1 to 36, incl.		32841 64		32841 64
51	44	44	Stationery and printing.		4100 00		4100 00
52	44	45	Insurance.				
53	45	46	Taxes.				
Total Classes 1 to 53, inclusive.					3703169 05		3904537 43
54	--	47	Int. & Comm-----per cent, Classes 1 to 53, incl.		740633 81		
55	46	48	Other expenditures.				
56	--	--	Contingencies-----per cent, Classes 1 to 53, incl.		185158 45		
57	46	--	Stores and supplies on hand for use in California.		38129 45		35922 84
GRAND TOTAL					4667090 76		3940530 27
Average per mile for main line track.					61183 68		51658 76

EXHIBIT B

Name of Owner Sierra Railway Company of California FORM No. 44.  
 Operating Co. do  
 Division Entire line  
 From Oakdale to Colusa & Angels  
 Miles, Main Line Track 56.81  
 Miles, ~~XXXXXXX~~ Branch Line 19.47  
 Miles, Yard Tracks, etc. 10.23  
 Total 86.51

**CALIFORNIA RAILROAD COMMISSION**  
 PHYSICAL VALUATION OF STEAM RAILROADS  
**FINAL SUMMARY SHEET**

Valuation as of June 30, 1912  
Richard Sachs Field Inspector  
Richard Sachs Office Compiler  
 Date Compiled March 1913  
 Joint Main Line \_\_\_\_\_ Miles  
 Joint Second Track \_\_\_\_\_ Miles  
 Joint Yard Track, etc. \_\_\_\_\_ Miles  
 Total \_\_\_\_\_ Miles

Class No.	Form No.	I.C.C. Acct. No.	CLASSES	ORIGINAL COST	REPRODUCTION VALUE	Cond. pr. ct.	PRESENT VALUE
1	1	2	Right of way and station grounds.		98326 00	100	98326 00
2	2	3	Real estate.		30 00	100	30 00
3	3	4	Grading.		1126200 75		1206654 52
4	4	5	Tunnels.				
5	5	6	Steel bridges and trusses.		8691 21	65	5689 96
6	6	6	Pile and frame trestles.		67393 45	60	40758 92
7	7	6	Culverts.		51216 84	76	39455 12
8	8	7	Ties.		161720 57	48	77625 82
9	9	8	Rails.		204004 43	71	143927 41
10	10	9	Frogs and switches.		9726 44	49	4770 43
11	11	10	Track fastenings and other material.		84236 26	52	44186 05
12	12	11	Galleys.		55180 40	100	55180 40
13	13	12	Tracklaying and surfacing.		106437 16	63	67431 30
14	14	13	Roadway tools.		4094 80	75	3072 11
15	15	14	Fencing right of way.		23969 33	53	12709 67
16	16	15	Crossings and signs.		2557 14	66	1683 96
17	17	16	Interlocking plants.				
18	18	16	Signal apparatus.				
19	19	17	Telegraph and telephone lines.		2843 93	56	1879 80
20	20	18	Station buildings and fixtures.		21063 80	71	14920 72
21	21	18	Platforms, walks, paving and curb.		5806 93	72	4193 87
22	22	19	General office buildings and fixtures.		7375 00	73	5382 50
23	23	20	Shop buildings and engine houses.		10921 50	90	9834 94
24	24	20	Transfer and turntables, roller pits, etc.		3256 40	74	2408 00
25	25	20	Miscellaneous shop buildings and structures.		10319 89	76	7898 09
26	26	21	Shop machinery and tools.		24030 00	83	20045 40
27	27	22	Water stations.		9225 50	72	6546 45
28	28	23	Fuel stations.		7462 80	82	6153 43
29	29	24	Grain elevators.				
30	30	25	Storage warehouses.				
31	31	26	Dock and wharf property.				
32	32	27	Electric light plants.				
33	33	28	Electric power plants.				
34	34	29	Electric power transmission.				
35	35	30	Gas producing plants.				
36	36	31	Miscellaneous structures.		19180 00	72	13793 50
			Total Classes 1 to 36, inclusive.		2125870 63	89	1894557 43
37	--	1	Engineering <u>5</u> per cent, 1 to 36, inclusive.		106293 52	100	106293 52
38	37	32	Transportation of men and material.				
39	33	33	Rent of equipment.				
40	33	34	Repairs of equipment.				
41	--	35	Earning and operating exp. during construction.				
42	--	35 1/2	Injuries to persons.				
43	--	36	Cost of road purchased.				
			Total Classes 1 to 43, inclusive.		2232164 15	89	2000850 95
44	39	37	Steam locomotives.		91827 00	78	71654 00
45	--	38	Electric locomotives.				
46	40	39	Passenger train cars.		27420 00	87	23766 00
47	41	40	Freight train cars.		34100 00	80	27418 00
48	42	41	Work equipment.		15261 00	80	12285 80
49	43	42	Floating equipment.				
			Total Classes 1 to 49, inclusive.		2400772 15	89	2135974 75
50	--	43	Law expenses <u>1</u> per cent, Classes 1 to 36, incl.		21258 69	100	21258 69
51	44	44	Stationery and printing.				
52	44	46	Insurance.				
53	45	46	Taxes.				
			Total Classes 1 to 53, inclusive.		2422030 84	90	2157233 44
54	--	47	Int. & Comm. <u>5</u> per cent, Classes 1 to 53, incl.		121101 53	100	121101 53
55	45	48	Other expenditures.				
56	--	--	Contingencies <u>5</u> per cent, Classes 1 to 53, incl.		121101 53	100	121101 53
57	46	--	Stores and supplies on hand for use in California.		33355 50	100	33355 50
			GRAND TOTAL		2697589 40	90	2432792 00
			Average per mile for main line track.		35364 38	90	31892 92