

# ORIGINAL

Decision No.      ✓

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

Decision No. 1620

In the matter of ascertaining the )  
value of the property of the )  
OCEAN SHORE RAILROAD COMPANY. )  
..... )

CASE NO. 180.

## OPINION AND FINDINGS

GORDON, Commissioner.

This is one of the so-called valuation cases brought on the Commission's own initiative for the purpose of ascertaining the various elements entering into the value of the property of the Ocean Shore Railroad Company.

This company, in accordance with the Commission's order, on December 27, 1912 filed an inventory of its operative property, together with a statement of its original cost, reproduction value and present value, the final summary sheet of which is attached to this report and marked "Exhibit A." The company also filed a statement of expenditures made for and an estimate of the reproduction value and present value of certain non-operative and abandoned property, the final summary sheet of which is attached and marked "Exhibit B." "Exhibit C," as attached to this report, shows the total expenditures charged to the construction of the entire property, operative, non-operative and abandoned, as shown in the valuation made by the company, (exclusive of "The Gap").

On March 24, 1914 the Commission's engineering department submitted its detailed report in the above proceeding.

This report shows that the Engineering Department made an independent investigation into the cost records and the physical conditions of the road, and divides the property into three (3)

geographical sections, namely:

Section 1 - Line in the City and County  
of San Francisco, 7.49 miles main line,

Section 2 - Line in San Mateo County,  
30.66 miles main line,

Section 3 - Line in Santa Cruz County,  
15.55 miles main line.

These three sections, aggregating a total of 53.70 miles as shown in the Commission's engineering department's report, constitute the entire operative property of this company. The valuation of this property is given in detail in the engineering department's report, the final summary sheet of which is attached hereto and marked "Exhibit D." "Exhibit D" is therefore directly comparable with "Exhibit A."

The Engineering Department has also made an investigation into the cost expenditures for the uncompleted portion of the line between Tunitas and Scott Creek in San Mateo and Santa Cruz counties, termed "The Gap;" and the final summary sheet of this investigation is also attached to this report and marked "Exhibit E." This portion of the company's property is considered as non-operative by the Commission's engineering department. Finally, the Engineering Department has submitted to the Commission a statement, by accounts, of the company's total expenditures for road and equipment, for operative, non-operative and uncompleted property, the final summary sheet of which is further attached to this report and marked "Exhibit F." Exhibits "E" and "F" are not immediately comparable with Exhibits "B" and "C".

A hearing was held in this case on May 15, 1914. At this hearing no appearance was entered by the Ocean Shore Railroad Company, the Secretary of the company stating over the telephone that they would not protest this hearing, and accepted the valuation of the Engineering Department.

It is essential in cases of this kind that the Commission state clearly the nature of the values found in its investigations, and definitions of certain terms used in this report will first be given.

The term "Original Cost" means the original book cost, and is defined as the actual expenditures chargeable to capital account, in accordance with the Interstate Commerce Commission's classifications, in cash or its equivalent in terms of cash, by the public utility for its operative property in the State of California, as of the date of the valuation.

The term "Reproduction Value" means the Reproduction Cost, and is defined as the estimated cost in cash of acquiring the operative right of way and other operative real estate and of reproducing, in the condition in which it was acquired, the other physical property of the public utility in the State of California, as of the date of valuation; to which are added overhead expenditures for engineering, law, interest and commissions, and other similar items.

The term "Present Value" is defined as the "Reproduction Cost" less the diminution in the value of the physical elements of the property, due to use, age, obsolescence, inadequacy, or other causes, this diminution being called "depreciation", and plus the increase in the value of the physical elements of the property, due to age or other causes, this increase being called "appreciation." "Present Value" might be defined as "depreciated and appreciated reproduction cost."

#### 1. - Organization, Construction and Operation.

The properties of the present Ocean Shore Railroad Company have been in control of the following legal owners and managements:

1. - Ocean Shore Railway Company,  
From April 18, 1905 to December 6, 1909.
2. - F. S. Stratton, Receiver,  
From December 6, 1909 to February 2, 1911.
3. - Bondholders of the Ocean Shore Railway Company,  
From February 2, 1911 to November 27, 1911.
4. - Ocean Shore Railroad Company,  
From November 27, 1911 to date of this report.

The Ocean Shore Railway Company, a California corporation, was incorporated on May 18, 1905, to construct and operate a single or double track line from San Francisco to Santa Cruz, a distance of 80.26 miles; the road to follow as nearly as possible the shore line of the Pacific Ocean. The line was to run through the City and County of San Francisco, through San Mateo County, and through Santa Cruz County.

The plans for this line called for a double track electric railway from San Francisco to Santa Cruz, and construction commenced in 1905 from both termini. In the same year contracts were entered into with certain firms for a steam power plant for electric power generation and for a large amount of electrical equipment. These contracts involved an expenditure of over Seven Hundred Thousand Dollars (\$700,000) and are mentioned to show the scale on which the work was undertaken. It was the intention of the company to push the work of construction to the earliest possible conclusion, and work was being actively prosecuted in the latter part of 1905 and the early part of 1906. Steel for the substations and for other structures was ordered and part of it delivered. The Santa Cruz-Portland Cement Company's cement plant at Davenport, Santa Cruz County, at that time was nearing completion, and in order to handle the product of this plant the Coast Line Railway (a Southern Pacific subsidiary) was started from Santa Cruz to Davenport.

The Ocean Shore Railway Company was also anxious to reach this producer of tonnage and at least get its share of the traffic. The Ocean Shore Railway Company having a prior and better location also entered into a contract with the Coast Line Railway, whereby among other considerations the construction of the roadbed for some miles between Santa Cruz and Davenport was to be joint work between both companies; the plans providing for one Coast Line track and two Ocean Shore tracks. This portion of the work was actually completed and the contract fulfilled, the Ocean Shore Railway Company paying in general fifty-eight-eighty-ninths (58/89) of the cost. The earthquake of April 18, 1906 did considerable damage to the roadbed, and the period of financial stringency which followed the San Francisco disaster greatly embarrassed the company, which from that time on found itself in continually rising financial difficulties. It may be stated that this disaster was the initial cause for the bankruptcy, which finally came about in December, 1909. When the shortage of money became manifest on every side the electric construction and equipment contracts were abrogated, and although the company tried to maintain itself by repeated assessments on the capital stock and by finally attempting to dispose of its bonds in one hundred dollar denomination, these measures proved to be of no avail. Many notes were issued bearing rates of interest as high as 10%, and bonds to the amount of almost two million dollars hypothecated as security, with the result that finally the security was taken and sold. It is impossible to ascertain the total amount of the notes issued, but their extent may be indicated by stating that there was paid in interest on notes in the neighborhood of \$210,000, which is only \$75,000 less than the total interest paid on bonds. Construction contracts for the grading work from the beginning were let wherever possible on a bond basis, i. e., the contractor was required to

take part of the contract price in bonds. The cash value of the bonds as a rule was fixed in the construction contracts (usually at 91), and this fact resulted in many difficulties when the company defaulted on its bond interest and the value of its securities lessened. This is of considerable importance in connection with this valuation, since it affected seriously the company's charges to capital account and the statement of original cost. In 1905, at about the same time as the Ocean Shore Railway Company was incorporated, there was incorporated also the Shore Line Investment Company, which dealt in lands along the route of the railway company. It was the intention of the railway to establish a fast suburban service between a number of newly laid out towns and San Francisco, and many people had invested in the lands of the Shore Line Investment Company. The road was therefore opened for operation as fast as portions of it were completed, the opening of the first section occurring in 1907. The books of the company were changed to an operating basis on January 1, 1909, and the last portion of the road was put in operation on May 16, 1909. At this time the northerly portion of the line from San Francisco south had reached Tunitas, a distance of 38.2 miles, and the southerly end, from Santa Cruz northerly, had reached Swanton, a distance of 15.5 miles. There was left uncompleted "The Gap" between Tunitas and Swanton, a distance of 26.56 miles. No new construction was undertaken since 1909, and the road remains in this unfinished condition today.

In 1909 there remained to be constructed not only these 26 miles of "Gap," on which only a portion of the grading had been done, but the operated line, owing to its unfortunate location in many places, was burdened with unusual heavy maintenance charges, while the earnings of the company were much lower than had been anticipated.

On December 6, 1909 a receiver was appointed for the properties of the railway company, and seven months later, in July, 1910, the Mercantile Trust Company of San Francisco, trustee, declared the principle of the bonds payable under the conditions of the Deed of Trust for non-payment of interest. Upon petition by the Trust Company the Court gave permission for the foreclosure sale of the railway's properties. At this time there were outstanding bonds to the par value of \$4,955,000. To better protect their interests the bondholders got together and authorized the Committee to purchase the road for their account. The terms of this sale will be discussed under the following caption, Stocks and Bonds. The bondholders committee took possession of the property on February 2, 1911, and the capital stock of the old company was wiped out.

On October 9, 1911 the Ocean Shore Railroad Company was organized, its purpose being to engage in the business of a common carrier and to acquire parts of and complete a railroad from San Francisco to Santa Cruz. This new company inherited a large portion of the difficulties of the old company, and has not yet been able to finish its program, namely, the making of the Ocean Shore into a through line from San Francisco to Santa Cruz.

The following table shows the mileage, operative and non-operative, the former segregated into divisions, counties, main and side tracks:

Operative Mileage

Northern Division,	San Francisco to Tunitas
Southern       "	Santa Cruz to Swanton.

(Figures with asterisks are those submitted by the company)

(Figures without asterisks are those submitted by the Commission's engineering department).

Division	County	Miles				TOTAL	
		Main track		Side track			
Northern	San Francisco	7.49	7.46*	4.94	4.78*	12.43	12.24*
"	San Mateo	30.66	30.66*	5.08	5.31*	35.74	35.97*
"	Total	38.15	38.12*	10.02	10.09*	48.17	48.21*
Southern	Santa Cruz	15.55	15.57*	2.83	2.87*	18.38	18.44*
Total	All	53.70	53.69*	12.85	12.96*	66.55	66.65*

Non-Operative Mileage (not completed).

County	Location	Main Track Miles	
San Mateo	Tunitas to S. C. County Line	20	(approx)
Santa Cruz	Santa Cruz Co. line to Scott Junction	6	"
All	Tunitas to Scott Junction	26	"

As stated before, the road was designed as a double track railroad, but is now operated as a single track standard gauge steam railroad, except for some 2.4 miles in the City of San Francisco, where franchises compel the company to use electric power. Practically all the grading and the majority of the trestles and culverts are for a double track road. The San Francisco terminal is at Eleventh and Mission Streets. Physical connection is made with the joint Southern Pacific and Santa Fe tracks at Army and Illinois Streets, and there is also a physical connection with the Southern Pacific Company's tracks at Spring Valley. The San Francisco terminal is well located, but the Santa Cruz terminal is unsatisfactory. The company, however, has rights to a better location in Santa Cruz, as soon as it can fulfill its franchise conditions, which call for electric power over the .86 miles remaining to be built. There is a physical connection with the Southern Pacific at Santa Cruz. It may be of interest to state here that the Board of Engineers, appointed by the Circuit Court, estimated in 1909 that the cost



of additional terminal facilities at Santa Cruz would reach \$354,842.37, but this amount would provide for facilities to handle a large traffic on the completed road.

Beginning at Twelfth and Mission Streets in San Francisco the line follows the city streets for approximately 2.4 miles to the company's shops, where it meets the freight line extending from a junction with the joint Southern Pacific and Santa Fe tracks at Army and Illinois Streets. This portion of the line is operated by electricity, the power being purchased and distributed by catenary trolley system with steel center pole and bracket construction on the Twelfth Street line, and a simple span suspended trolley wire on the Army Street line. From the shops the line follows the bed of Islais Creek to a summit near Ocean View, and thence to the shore of the Pacific Ocean. Upon reaching the Ocean the line is built along Mussle Rock Bluffs for some two miles, with a maximum elevation of about one hundred and fifty (150) feet above the water. These bluffs are of soft material, having cohesion enough to permit steep slopes when dry, but being of the consistency of quick-sand when wet. On Miles 11 and 12 alone over one and one-half million cubic yards were moved, this including excavation and pay embankment only, and not overhaul. The track at one point is today some fifty feet inland from its original location, the inroads of the Ocean at the foot of the bluff having forced this move. This part of the line has been in the past and will always be expensive to maintain. Leaving the bluffs the road crosses the mouths of several fertile valleys with comparatively little heavy work, until San Pedro Point is reached, in Mile 19; then for approximately four miles the line continues along the steep bluffs overlooking the Ocean with the grade of from one hundred to two hundred and fifty feet above the water. The slopes here are very precipitous, and the work

was heavy, and in the neighborhood of two million cubic yards of material, mostly loose and solid rock, were moved northerly four miles. Southerly from these bluffs the road again crosses the mouths of several fertile valleys and lies on the table land some distance back from the shore. Purissima and Lobitas creeks are crossed on high single track trestles. North of Tunitas the bluffs are again encountered and heavy work was necessary, until just south of Tunitas the track crosses Tunitas Creek, and a few rail lengths beyond the end of track is found, this being the southerly end of the northerly portion of the road. The location for the next twenty-six miles of uncompleted line, "The Gap" continues to follow the beach and the cliffs. Approximately one-half million dollars worth of work has been done on this uncompleted portion of the line, the principal item (\$378,000) being for grading. In this valuation all work done on "The Gap" is classed as non-operative property. The northerly terminus of the southerly portion of the road is Swanton, which lies a few miles inland, and is the distributing point for a large timber country. From Swanton to Scott Junction the road lies in Scott Creek Valley, and construction work was very light. From Scott Junction southerly for about eleven miles the road is on the table land about one-half mile inland from the Ocean. This table land is about seventy feet above the sea and at intervals cut by deep gulches. For the last two miles of the road to Santa Cruz the line swings further inland, and construction was rather light.

The original plans for this line contemplated a road of the best construction standards, but owing to circumstances which have been touched upon heretofore, the company found it impossible to adhere to these intentions, and on the existing line as a whole the standards of construction are not high, excepting

from this statement, possibly, the fact that large and permanent fills and drainage tunnels, rather than wooden trestles, are found on the southern portion of the line. There are no steel or concrete track structures, wood being employed exclusively for bridges and culverts. The standard double track roadbed was 28'-6" on fills and 32'-6" in cuts, providing for 14'-6" track centers. These dimensions indicate narrow shoulders on embankments and small ditches in cuts. There is but one tunnel on the line. It is timbered and its section is small. The construction of the wooden trestles must be considered as light for steam road practice, but it should be stated that the original plans were for electric power and that these bridges were looked upon as structures to last only until they could be filled and not as permanent bridges. Ties are 6" x 8" x 8', partly untreated fir and partly split redwood, all of the southern division having the latter. No tie-plates are used. Rail was bought new and is 70-lb. Bessemer steel, except for some four miles of 52-lb. Bessemer steel. The track as a whole is in fair condition, considering that there is little or no ballast under it, that it is in a comparatively wet country, and that the maintenance forces have been at a minimum.

The company owns and operates its own equipment, which is partly new and partly second-hand.

The company at the present time operates three (3) passenger trains each way daily between San Francisco and Tunitas, and one (1) passenger train each way daily between San Francisco and Halfmoon. Two (2) additional passenger trains each way are run between San Francisco and Tunitas on Sundays only. There is also operated one (1) freight train daily, except Sundays, between San Francisco and Tunitas. On the southern division, between Swanton and Santa Cruz, three (3) mixed trains daily are operated each way. In winter the number of

trains is usually reduced.

## 2. - Stocks and Bonds.

The original Ocean Shore Railway Company was capitalized at \$3,000,000, and this capitalization was later increased to \$5,000,000. The company owes its inception to Mr. Alfred E. Bowen, who, previous to the incorporation, had made some surveys, acquired some options, estimates and other data, and had had maps prepared of the proposed road. Of the \$83,000 cash subscription, (\$1,000 per mile) which was paid the treasurer at the incorporation of the company, Mr. Bowen subscribed three hundred and thirty-two (332) shares of stock, or \$33,200. In consideration of his services and of \$500,000 cash paid by him Mr. Bowen was voted all the capital stock and took control of the company. When the stock was increased by 20,000 shares to \$5,000,000, Mr. Bowen was voted 18,000 shares in exchange for \$250,000 cash, and in consideration of his turning over to the company certain options and contracts. This total of \$750,000 received from Mr. Bowen was all the money the company received aside from the sale to the public of such bonds and stock as it was able to dispose of and from seven (7) assessments on the capital stock, which amounted to \$1,592,563.50, including one (1) assessment of \$386,163.50 on the new, namely, Ocean Shore Railroad Company's stock. It would therefore appear that \$2,342,563.50 was received in cash aside from the proceeds of the sale of bonds.

The bonds of a \$5,000,000 issue were issued on November 1, 1905, the issue consisting of 5,000 bonds of the par value of \$1,000 each, bearing 5% interest, and payable in thirty (30) years. These bonds were a first mortgage on the entire property of the company, and the Mercantile Trust Company of San Francisco was named as Trustee.

Mr. S. G. Murphy had made a tentative offer for the

purchase of these bonds, and it was voted to dispose of all of them to him at 91; but in March, 1906, Mr. Murphy retracted his offer, and the company tried to dispose of these bonds directly, principally to purchasers within the State of California.

It has been stated heretofore that subsequent to the earthquake of 1906 the company found itself in financial difficulties, which ultimately resulted in the appointment of a Receiver, the foreclosure sale of the company's property, and the purchase of the road by the bondholders. In July, 1910, the date of the Court's permission for the foreclosure sale, there were outstanding bonds of this company to the par value of \$4,995,000. The Court made the following provisions in the terms of sale:

1. The minimum price was set at \$1,000,000 gold coin;
2. There was to be paid in cash by the purchaser, on the fall of the hammer, \$131,433.59, to be expended by the Trust Company at the direction of the Court, in payment of:
  - (a) Certain legal expenses, costs, fees, etc. .... \$17,012.57
  - (b) Receiver's expenses, ..... 72,819.11
  - (c) Contested applications, ..... 41,601.91Total as above, ..... \$131,433.59
3. The purchaser was to assume responsibility for other claims which might be entitled to priority in payment over the bonds and which the Court advised would not exceed \$100,000.

There were other provisions in the terms of sale, but the foregoing are the principal ones.

The sale took place on January 17, 1911, the Committee being the only bidder. Instead of \$1,000,000 cash being paid the price was \$1,035,000, the \$35,000 being paid in cash and the \$1,000,000 in the bonds of the Ocean Shore Railway Company. Certain other payments and adjustments were made, as set out in the Commission's engineering department's report, with the result that the bondholders who had not been parties to the agreement and who held about \$120,000 par value of bonds, received a little

over 17¢ on the dollar of their holdings. The item of responsibility for claims in the provisions under which the sale was made led to payments by the company which have continued to the date of the appraisal, the total amount of which still remains unsettled. The bondholders' committee took possession of the property on February 2, 1911. It will be evident from the foregoing that it is impossible to state at this time what the ultimate amount of cash will be which was paid for this property by the bondholders' committee. The cost to any bondholder was what he had paid for his bonds, less unpaid interest, but the actual value of the road, as represented by the actual cost to the bondholders, is not known. The company's capital stock, through the fact of this sale, lost whatever value it may have had and was wiped out.

The new company was organized on October 9, 1911, under the name of the Ocean Shore Railroad Company. The capital stock of this corporation is \$5,000,000, divided into 50,000 shares of the par value of \$100 each; 6% bonds, dated December 1, 1911 and maturing December 1, 1916, amounting to \$700,000, were authorized, but none of these bonds were issued.

The following table, the figures in which were taken from the company's Annual Reports, presents perhaps better than a lengthy discussion the principal features of the financial history of the company since it began making reports to the Commission:

No.	Item	During, or at end of year ending June 30				
		1908	1909	*1910	*1911	1912
1	Mileage operated	36	53.7		53.7	53.7
2	Capital Stock	\$5,000,000	\$5,000,000		None	\$5,000,000.00
3	do outstanding	5,000,000	5,000,000		"	4,796,300.00
4	Bonds	5,000,000	5,000,000		"	None
5	" "	2,547,500	5,000,000		"	"
6	Total Debt "	7,547,500	10,000,000		"	4,796,300.00
7	Bonded Interest					
	paid.....	108,000	138,790.00		"	None
8	Other " paid..		24,235.95		"	"
9	Total " " ..		163,025.95		"	"
10	Liability pr.mi.		186,219.74			89,316.58
11	Net opr. revenue or deficit.....				44,152.54*-	8,196.36

12 Cost of Road Purchased	5,056,455.64
13 Additions & Betterments	50,612.50**
14 Investment Road and Equip- ment since June 30, 1907	5,107,661.44
15 do per mile	95,114.74

\* No report for 1910.

Owned by bondholders in 1911.

\*- Deficit.

\*\* \$12,300 also expended for equipment, not included in \$50,612.50.

### 3. - Revenues and Expenses.

Traffic and Revenue are not of special interest in so far as this valuation is concerned. A few of the more important items usually considered are taken from the Annual Reports of the company and are shown in the following paragraph.

The year 1911-12 was the first in which a net operating revenue was returned. This amounted to \$8,196.36, or \$153.20 per mile. At this the ratio of operating expenses to operating revenue was .939; on other and paying roads this ratio is usually from .60 to .70.

#### Passenger Service Train Revenue

Number of passengers carried earning revenue	84,058
" " " " one mile	1,846,651
" " " " one mile per mile	34,517
Average distance carried, miles	21.97
Passenger Revenue	\$42,660.20
Excess Baggage Revenue	9.75
Parlor and Chair Car Revenue	n o n e
Mail Revenue	1,450.63
Express Revenue	1,703.82
Milk Revenue (on passenger trains)	<u>1,075.36</u>
Total Passenger Service Train Revenue	\$46,899.76

Passenger Service Train Revenue per mile of road	\$876.63
Passenger Service Train Revenue, per train mile	.75598
Number of tons of revenue freight carried	145711
" " " " " " " " one mile	2531202
" " " " " " " " " " " "	
per mile of road	4731
Freight Revenue	\$83,037.76
Average receipts per ton mile	\$ .03281
Freight revenue per mile of road	\$ 1,552.11
Switching Revenue	\$ 3,125.00
Revenue other than from transportation	\$ 306.87

Averages

Average number of passengers per car mile	12.00
" " " " " train mile	30.00
" " " passenger cars per train mile	2.63
" " " tons of freight per loaded car mile	18.85
" " " " " " " train mile	48.46
" " " freight cars " " "	4.31
" " " loaded " " " "	2.57
" " " empty " " " "	1.74

The freight moved is classified as follows:-

Products of agriculture	4.22%
" " animals	7.71
" " mines	58.74 (a)
" " forests	18.59 (b)
Manufactures	2.27
Merchandise	8.26
Miscellaneous	.21
	<u>100.00%</u>

(a) Principally crushed rock and sand on Northern Division.

(b) Principally logs on Southern Division.



The bulk of the passenger business is Sunday and other excursions to the various beaches along the Ocean although the company has a fair daily business.

The following table presents the principal traffic and revenue statistics for those years the company has made Annual Reports to the Commission, from which reports these figures are taken:

Item No.	Item	At the end of, or during, year ending June 30,	
		1911	1912
1	Main line mileage	53.7	53.7
	<u>Equipment owned</u>		
2	Locomotives	10	11
3	Passenger cars	19	25
4	Freight cars	127	109
	<u>Earnings, Operating</u>		
5	Passenger Train	\$ 21,349.10	\$ 46,899.76
6	Freight	45,299.66	83,037.76
7	Other (8-(5 plus 6) )	2,970.78	3,931.87
8	Total	69,619.54	\$133,869.39
	<u>Expenses, Operating</u>		
9	Maint. Way & Structs.	55,284.46	21,939.42
10	" Equipment	15,759.08	28,335.19
11	Transportation	32,559.43	54,160.36
12	Traffic	1,373.47	4,225.34
13	General	8,785.64	17,012.72
14	Total	113,762.08	125,673.03
15	Ratio Operating Ex- penses divided by Operating Revenue	1.63	.94
16	Net Operating Revenue or deficit	44,152.44 *	8,196.36
17	Net Operating Income or loss	45,837.34 *	2,717.86
18	Net Corporate Income or loss	52,613.29 *	7,440.76*
19	Additions&Betterments	None	62,912.50

Note: Road placed on operating basis  
January 1, 1909. No reports  
for 1910.

\* = Deficit or Loss

#### 4. - Original Cost.

The original cost of this property as found on the company's books and as given in its valuation does not represent

what the cost of the road would have been had all expenditures been paid for in cash. This is true because payments were made in bonds which were charged to the books at values differing at times very greatly from the bonds' market or cash value. The actual cash value of these expenditures as a rule averages considerable less than the "bond expenditure" appearing on the books. As it is impossible to ascertain the cash value of each bond at the time of its disposal, it is entirely impossible to find what would have been original cost if cash had been paid.

With these facts in view the importance of the original cost figures diminishes. The original cost is further clouded by the extent of expenditures for property now abandoned and for preparations for a double track road, preparations which were never completed as far as the laying of steel or operating on this second track are concerned. These expenditures, for what might be called uncompleted construction, together with their proper overhead charges, may be considered a total loss. The expenditures for property now abandoned are not now, of course, an asset to the company. It is probable ~~that~~ that they were justified at the time they were made, but they should not certainly be written off and not allowed under original cost. This item of abandoned property in the Engineering Department's valuation amounts to \$159,921.22.

The original cost as submitted by the company was checked by the Commission's engineering department and with the books of the company, and while some errors were found and a difference of opinion existed as between the company and the Commission's engineering department, regarding some items which it is believed should be written off, the books were found to be properly kept. Supporting the book charges are over 16,000 vouchers, many of which are accounting vouchers for bookkeeping purposes, which do not authorize book expenditures or show receipt.

Many of the vouchers are missing, and this is explained by the company as being the result of taking them to Court in various suits, from where they were never returned. Entire books have been lost in this same way, a pertinent fact in this connection, being that there is no satisfactory continuous record of vouchers representing payments. Previous to January 1, 1909 expenditures were not classified as prescribed by the Interstate Commerce Commission, but charged to some 130 different accounts. These were later segregated to the 48 Interstate Commerce Commission Road and Equipment accounts, a process which could not be accomplished without the overlapping of charges into accounts to which they were not properly chargeable; but the total was correctly carried through. In addition to these two classifications the books have been kept in different ways and separate sets of books for the different owners or managements used. These facts, coupled with the unsatisfactory record of supporting documents, made it impracticable to check every charge, but many of the items, both large and small, were verified, and upon this indirect evidence the book charges were accepted by the Commission's engineering department. It was found that the company omitted from its original cost statement a portion of expenditures for Additions and Betterments made between December 30, 1911 and June 30, 1912. These charges are included in the Engineering Department's original cost statement.

I wish to call attention to the principal items of original cost of this property.

The total original cost of the land owned by this company, including right of way and station grounds and other real estate, is \$876,490.83. In the Engineering Department's report \$645,449.21 of this sum is considered as operative and \$231,041.62 as non-operative property. It appears that the acquirement of right of way was divided into three (3) divisions,

comprising the three counties traversed. In San Francisco the right of way and terminals were acquired by various agents; and the Engineering Department's investigation has led to the conclusion that this property was acquired in an inefficient manner and at an unusually high cost. Taking the company's San Francisco holdings as a whole, it is found that it paid almost twice the market value of the properties acquired. Considerable losses were also incurred through the abandonment of certain proposed alignment in San Francisco and terminals in Santa Cruz, where options and first payments on contracts were forfeited. In San Mateo and Santa Cruz counties the land prior to the entrance of the railroad was devoted to farming or grazing purposes. In San Mateo County 56% of the total right of way was purchased at an average price equal to the market value of the land, and the remaining 44% of the right of way was donated. In Santa Cruz County only 1% of the right of way was donated. In the appraisal as submitted by the company the total area of the operative lands is 448.640 acres, and the total cost is given as \$566,605.40. The non-operative land totals 45.879 acres, and the original cost is given as \$303,274.16. The Commission's engineering department finds the original cost of the operative right of way and station grounds to be \$645,449.21, which is equal to 12% of the total cost of the road, and to \$12,019.54 per mile of operated line.

The largest single item in the total valuation is grading. The company submits for this item an original cost of \$2,303,982.70, while the Engineering Department finds the original cost to be \$2,315,925.73. These figures include the expenditures for all grading on the operative line, but do not include the grading done in "The Gap," which is considered as non-operative. The latter figure equals 43% of the total original cost of the entire property and amounts to \$43,127.11 per mile of road.

The overhead or general expenditures on this road, according to the Engineering Department's figures, amount to \$914,744.23, or \$17,040.34 per mile of operated road. This equals 17% of the total original cost of the operative property, and is an unusually high figure. It appears, however, that all charges to this account are correct and proper, and a large proportion of this cost is accounted for by the extended litigation in which this company found itself and by the expenses connected therewith.

In the Engineering Department's valuation the original cost is discussed in detail for each account, and it does not appear necessary to repeat these details in this report. It will be noted, therefore, that the three items mentioned above, namely, land, grading and overhead expenses, constitute approximately three-fourths of the total cost of this road. As a matter of fact, the present operated mileage has to carry the burden of the entire cost of both operative and non-operative property; and considering that the total original cost of all property, according to the Engineering Department's investigation, amounts to \$5,656,508.95, it will be seen that the actual cost per mile is \$105,335.35. This figure more clearly than any statement shows the enormous waste connected with the construction of this property.

I am satisfied to accept the figure of the Engineering Department, and find as a fact that the Original Cost of the operative property of the Ocean Shore Railroad Company, as of June 30, 1912, is the sum of \$5,373,567.84.

#### 5. - Reproduction Value.

The company in its appraisal states that the Reproduction value of the operative property amounts to the sum of \$6,124,679.50. The Engineering Department in its valuation finds this value to be \$4,812,083.79, a difference of \$1,312,595.71.

The reasons for this difference are taken up and explained in the detailed report of the Engineering Department, to which reference is hereby made. I will take up, however, the principal differences, which occur in the following accounts:

1st. Grading - reduced by the Engineering Department	\$209,639.86
2nd. Interest - " " " " " "	272,919.35
3rd. Other Expenditures " " " " " "	235,973.83
4th. Contingencies " " " " " "	256,052.86

These items account for a total of \$974,585.90 out of the total given above, leaving for all other differences in 46 other accounts and items an aggregate of \$338,009.81. The difference in grading is explained principally by the fact that the company extended original cost to reproduction value, including a large amount listed as the cost of force account work, i. e., grading for which there exist no records of quantities. The Engineering Department has accepted the company's quantities when they were supported by contractors' estimates and other evidences of actual work performed, but has allowed such reproduction unit costs as seemed fair and just in this case. The item Interest is reduced in the Engineering Department's estimate because the company assumes a period of construction which the engineering department considers longer than necessary for the building of this road, and in this manner shortens the interest period. The company has also reproduced under reproduction value the excessive interest period on money due to the financial difficulties in which it passed the larger part of its existence. The Engineering Department has allowed interest at the rate of 5% per year for one-half of the estimated construction period of two years on all expenditures except those for right of way and station grounds. Interest on the latter has been allowed at 5% per annum for a period of two years, on the grounds that the capital necessary for the purchase of lands

will be tied up from the beginning to the end of the construction of the road. The third item, Other Expenditures, is also extended in the company's valuation with the same amount from original cost to reproduction value. The charge consists principally of office salaries, executive officers' salaries, and expenses, bond sale expenses, assessment expenses, organization expenses, San Francisco debris track construction, and miscellaneous expenses. While these items are properly chargeable to original cost, they cannot, in my opinion, be considered in their entirety as a proper item in the cost to reproduce this property. The Engineering Department has estimated that one-half of one per cent of the total of Classes 3 to 53, as shown in "Exhibit D", is ample allowance for I. C. C. Account 48, Other Expenditures and I am inclined to agree with this contention. The last item of the important differences is Contingencies. This difference is more apparent than real. In the Engineering Department's reproduction cost estimate an allowance for contingencies is included in the total for each individual account, while the company allows for this item in a lump sum; and it would appear that the Engineering Department's contingency allowance, therefore, is concealed as far as ready comparison is concerned. It may be stated, however, that the company allowed 5% on the total of Classes 1 to 53 (see "Exhibit A"), while the Engineering Department's allowance is equal to 2.7% on the sum of Classes 3 to 53 of "Exhibit D." The principal reasons for all other differences are found in the method of ascertaining and applying quantities and unit values.

The company made no exceptions to the methods employed by the Commission's engineering department and accepted its estimate of reproduction cost, and the Engineering Department's figure will be allowed to stand.

I find therefore as a fact that the reproduction value,

as that term has heretofore been defined, of the operative property of the Ocean Shore Railroad Company, as of June 30, 1912, is the sum of \$4,812,083.79.

#### 6. - Present Value.

The company found the present value of its operative property to be \$5,807,220.54, or equal to 94.8% of the reproduction value. The Engineering Department's valuation shows the present value as \$4,627,319.40, or equal to 96% of the reproduction value, resulting in a reduction of \$1,179,901.14. This difference, of course, is explained largely by the same factors which contributed to the reduction in reproduction value, as the estimate of the reproduction cost less depreciation is based on the reproduction cost. The company on a whole appears to have taken a position regarding depreciation with which the Commission's engineering department agrees, and differences in individual accounts are both higher and lower.

The method and basis used in ascertaining the depreciation of the various classes of property are set out in detail in connection with each account in the Engineering Department's report, on file with the Commission, to which reference is hereby made.

The mere statement that the present value of the operative property of this company, according to the Engineering Department's estimate, amounts to over \$86,000 per mile forcibly illustrates the importance of clear-cut definitions of terms. It is undoubtedly true that the depreciated reproduction value on the basis adopted amounts to that sum, but this cannot possibly be taken as an indication that the estimate of fair or present value, as this term is usually understood, is anywhere near that sum. The latter value would take into consideration ~~the~~ factors which are ignored in this physical valuation.



I find as a fact that the present value, as that term has heretofore been defined, of the operative property of the Ocean Shore Railroad Company, as of June 30, 1912, is the sum of \$4,627,319.40.

Non-Operative Property.

It has been stated heretofore that a part of this company's located line in San Mateo and Santa Cruz counties and of a length of approximately 26 miles is uncompleted, but that considerable work has been done and a large amount of expenditures made in connection therewith. In addition to the non-operative property on "The Gap" there exists certain other non-operative property which is listed in detail in the Engineering Department's report. The Engineering Department has ascertained the actual expenditures for this non-operative property, but no attempt has been made to find a reproduction value or present value. The expenditures are listed, because this information may become of importance if at any time this road is completed and the entire cost of the line is to be ascertained. "Exhibit E," which is attached to this report, shows the total cost of the non-operative property ascertained by the Commission's engineering department as \$507,889.97.

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

Dated at San Francisco, California, this 29th day of June, 1914.

*John W. Eshleman*  
*W. L. Lyland*  
*Chas. Gordon*  
*Max Thelen*  
*Edwin O. Edgerton*

Name of Owner Ocean Shore Railroad Co.

Valuation as of June 30, 1922

Operating Co. Do.

FORM No. 48.

Company

Field Inspector

Division 1, 2 and 3

CALIFORNIA RAILROAD COMMISSION

Company

From S. E. to S. G. (excluding Gap)

PHYSICAL VALUATION OF STEAM RAILROADS

Date Compiled NOVEMBER 6, 1912

Miles, Main Line Track 53.69

**FINAL SUMMARY SHEET**

Joint Main Line \_\_\_\_\_ Miles

Miles, Second Track \_\_\_\_\_

Joint Second Track \_\_\_\_\_ Miles

Miles, Yard Tracks, etc. 12.96

(OPERATIVE PROPERTY BY COMPANY)

Joint Yard Track, etc. \_\_\_\_\_ Miles

Total 66.65

(EXHIBIT "A")

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.	566,605.40	1,192,125.05	100	1,192,125.05
2	2	3	Real estate.				
3	3	4	Grading.	2,303,982.70	2,303,982.70	100	2,303,982.70
4	4	5	Tunnels.	72,748.57	72,748.57	97.5	70,834.36
5	5	6	Steel bridges and trusses.				
6	5	6	Pile and frame trestles.	144,257.63	123,396.78	70.4	86,919.51
7	7	6	Culverts.	60,353.35	58,337.32	82.6	48,208.61
8	8	7	Ties.	117,025.19	113,171.48	61.8	69,925.23
9	9	8	Rails.	309,566.92	294,795.80	93.5	275,416.80
10	10	9	Frogs and switches.	21,254.54	20,280.10	81.6	16,552.78
11	11	10	Track fastenings and other material.	43,701.92	42,959.12	93.6	40,209.73
12	12	11	Ballast.	14,145.29	12,784.88	100	12,784.88
13	13	12	Tracklaying and surfacing.	159,341.65	113,555.00	100	113,555.00
14	14	13	Roadway tools.	1,661.63	1,661.63	65.8	1,095.73
15	15	14	Fencing right of way.	14,409.37	13,878.95	72.1	9,545.17
16	16	15	Crossings and signs.	91,141.78	87,037.46	92.6	80,616.07
17	17	16	Interlocking plants.				
18	18	16	Signal apparatus.				
19	19	17	Telegraph and telephone lines.	7,639.22	7,978.08	80	6,382.46
20	20	18	Station buildings and fixtures.	10,680.92	12,507.73	82.3	10,290.00
21	21	18	Platforms, walks, paving and curb.				
22	22	19	General office buildings and fixtures.	15,358.72	9,854.80	82.8	8,052.64
23	23	20	Shop buildings and engine houses.	460.35	475.00	89.5	425.00
24	24	20	Transfer and turntables, cinder pits, etc.				
25	25	20	Miscellaneous shop buildings and structures.	12,236.02	11,816.00	80	9,452.80
26	26	21	Shop machinery and tools.	19,133.88	26,680.67	58.8	15,658.75
27	27	22	Water stations.	3,700.34	3,634.31	78.9	2,864.96
28	28	23	Fuel stations.	4,339.41	5,120.00	70.7	3,613.25
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.	31,646.95	20,520.25	80	16,416.20
35	35	30	Gas producing plants.				
36	36	31	Miscellaneous structures.	3,066.43	3,066.43	84.9	2,604.17
			Total Classes 1 to 36, inclusive.	4,028,458.18	4,552,368.11	96.6	4,397,531.85
37	--	1	Engineering.....per cent. 1 to 36, inclusive.	174,996.63	174,996.63	100	174,996.63
38	37	32	Transportation of men and material.				
39	38	33	Rent of equipment.				
40	38	34	Repairs of equipment.	9,842.99	9,842.99	100	9,842.99
41	--	35	Earning and operating exp. during construction.	32,872.78			
42	--	35 1/2	Injuries to persons.	5,171.52			
43	--	36	Cost of road purchased.				
			Total Classes 1 to 43, inclusive.	4,251,342.10	4,737,207.73	96.7	4,582,371.47
44	39	37	Steam locomotives.	84,848.46	106,700.00	44.7	47,775.00
45	--	38	Electric locomotives.	35,293.22	36,000.00	61.2	22,000.00
46	40	39	Passenger train cars.	97,962.16	108,200.00	53.7	58,050.00
47	41	40	Freight train cars.	46,659.54	69,075.00	45.7	31,550.00
48	42	41	Work equipment.	1,149.60	2,863.35	81.7	2,340.65
49	43	42	Floating equipment.				
			Total Classes 1 to 49, inclusive.	4,517,255.08	5,060,046.08	93.7	4,744,087.12
50	--	43	Law expenses.....per cent. Classes 1 to 36, incl.	41,822.15	41,822.15	100	41,822.15
51	44	44	Stationery and printing.	657.33	657.33	100	657.33
52	44	45	Insurance.	5,797.28	5,797.28	100	5,797.28
53	45	46	Taxes.	12,734.44	12,734.44	100	12,734.44
			Total Classes 1 to 53, inclusive.	4,578,266.28	5,121,057.28	93.8	4,805,098.32
54	--	47	Int. & Comm.....per cent. Classes 1 to 53, incl.	445,509.17	445,509.17	100	445,509.17
55	45	48	Other expenditures.	253,232.81	253,232.81	100	253,232.81
56	--	--	Contingencies.....per cent. Classes 1 to 53, incl.		256,052.86	100	256,052.86
57	46	--	Stores and supplies on hand for use in California.	49,742.19	48,827.38	96.9	47,327.38
			GRAND TOTAL.	5,326,750.45	6,124,679.50	94.8	5,807,220.54
			Average per mile for main line track.	99,213.08	114,074.87	94.8	108,162.03

Name of Owner Ocean Shore Railroad Co.

EXHIBIT "B"

Valuation as of June 30, 1912

Operating Co. S.R.R.C.

FORM No. 48.

Company \_\_\_\_\_  
Field Inspector \_\_\_\_\_

Division \_\_\_\_\_  
From San Francisco to Santa Cruz

CALIFORNIA RAILROAD COMMISSION

PHYSICAL VALUATION OF STEAM RAILROADS

Miles, Main Line Track 53.69

Miles, Second Track \_\_\_\_\_

Miles, Yard Tracks, etc. 12.96

Total 66.65

**FINAL SUMMARY SHEET**  
(NON-OPERATIVE PROPERTY)

Date Compiled November, 1912

Office Compiler \_\_\_\_\_

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. et.	PRESENT VALUE
1	1	2	Right of way and station grounds.	148,772.66	Contingent Expenditures		
2	2	3	Real estate.	154,501.50	263,141.25		234,693.04
3	3	4	Grading.				
4	4	5	Tunnels.				
5	5	6	Steel bridges and trusses.				
6	6	6	Pile and frame trestles.	30,088.87	Required by S.F. City Franchise		
7	7	6	Culverts.	8,000.00	Abandoned		
8	8	7	Ties.				
9	9	8	Rails.				
10	10	9	Frogs and switches.				
11	11	10	Track fastenings and other material.				
12	12	11	Ballast.				
13	13	12	Tracklaying and surfacing.				
14	14	13	Roadway tools.	696.91	Abandoned		
15	15	14	Fencing right of way.				
16	16	15	Crossings and signs.				
17	17	16	Interlocking plants.				
18	18	16	Signal apparatus.				
19	19	17	Telegraph and telephone lines.				
20	20	18	Station buildings and fixtures.				
21	21	18	Platforms, walks, paving and curb.				
22	22	19	General office buildings and fixtures.	297.78	Abandoned		
23	23	20	Shop buildings and engine houses.				
24	24	20	Transfer and turntables, cinder pits, etc.				
25	25	20	Miscellaneous shop buildings and structures.				
26	26	21	Shop machinery and tools.				
27	27	22	Water stations.	4,721.82	Abandoned		
28	28	23	Fuel stations.	1,096.72	"		
29	29	24	Grain elevators.				
30	30	25	Storage warehouses.				
31	31	26	Dock and wharf property.	56.77	Abandoned		
32	32	27	Electric light plants.				
33	33	28	Electric power plants.	52,657.73	Abandoned		
34	34	29	Electric power transmission.				
35	35	30	Gas producing plants.				
36	36	31	Miscellaneous structures.				
Total Classes 1 to 36, inclusive.				400,890.76	263,141.25		234,693.04
37	--	1	Engineering-----per cent, 1 to 36, inclusive.				
38	37	32	Transportation of men and material.				
39	38	33	Rent of equipment.				
40	38	34	Repairs of equipment.				
41	--	35	Earning and operating exp. during construction.				
42	--	35	Injuries to persons.				
43	--	36	Cost of road purchased.				
Total Classes 1 to 43, inclusive.				400,890.76	263,141.25		234,693.04
44	39	37	Steam locomotives.				
45	--	38	Electric locomotives.				
46	40	39	Passenger train cars.				
47	41	40	Freight train cars.	19,055.56	Abandoned		
48	42	41	Work equipment.	4,067.26	"		
49	43	42	Floating equipment.				
Total Classes 1 to 49, inclusive.				424,013.58	263,141.25		234,693.04
50	--	43	Law expenses-----per cent, Classes 1 to 36, incl.				
51	44	44	Stationery and printing.				
52	44	45	Insurance.				
53	45	46	Taxes.				
Total Classes 1 to 53, inclusive.				424,013.58	263,141.25		234,693.04
54	--	47	Int. & Comm.-----per cent, Classes 1 to 53, incl.				
55	45	48	Other expenditures.	27,659.80	S.F. Debris Track Abandoned.		
56	--	--	Contingencies-----per cent, Classes 1 to 53, incl.				
57	46	--	Stores and supplies on hand for use in California.				
GRAND TOTAL.				451,653.38	263,141.25		234,693.04
Average per mile for main line track.							

Name of Owner Ocean Shore Railroad Co.

Valuation as of June 30, 1912

Operating Co. do

FORM No. 4A.

Company Field Inspector

Division 1, 2 and 3

CALIFORNIA RAILROAD COMMISSION

From S. F. to S. C. ex. cluding Gap

PHYSICAL VALUATION OF STEAM RAILROADS

Miles, Main Line Track 53.69

FINAL SUMMARY SHEET

Miles, Second Track 12.96

Miles, Yard Tracks, etc. 66.65

Total 66.65

EXHIBIT "C"

Date Compiled November 6, 1912

Office Compiler Field Inspector

Joint Main Line 53.69 Miles

Joint Second Track 12.96 Miles

Joint Yard Track, etc. 66.65 Miles

Total 66.65 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.	715,378.06	1,192,125.05	100	1,192,125.05
2	2	3	Real estate.	154,501.50	263,141.25		234,693.04
3	3	4	Grading.	2,303,982.70	2,303,982.70	100	2,303,982.70
4	4	5	Tunnels.	72,748.57	72,748.57	7.5	70,834.36
5	5	6	Steel bridges and trusses.				
6	6	6	Pile and frame trestles.	174,346.50	123,596.78	70.4	86,919.51
7	7	6	Culverts.	68,353.35	58,337.32	82.6	48,208.61
8	8	7	Ties.	117,025.19	113,171.48	61.8	69,925.23
9	9	8	Rails.	309,566.92	294,795.80	93.5	275,416.80
10	10	9	Frogs and switches.	21,254.54	20,280.10	81.6	16,552.78
11	11	10	Track fastenings and other material.	43,701.92	42,959.12	93.6	40,209.73
12	12	11	Ballast.	14,145.29	12,784.88	100	12,784.88
13	13	12	Tracklaying and surfacing.	159,341.65	113,555.00	100	113,555.00
14	14	13	Roadway tools.	2,358.54	1,661.63	65.8	1,095.73
15	15	14	Fencing right of way.	14,409.37	13,878.95	72.1	9,545.17
16	16	15	Crossings and signs.	91,141.78	87,037.46	92.6	80,616.07
17	17	16	Interlocking plants.				
18	18	16	Signal apparatus.				
19	19	17	Telegraph and telephone lines.	7,639.22	7,978.08	80	6,382.46
20	20	18	Station buildings and fixtures.	10,680.92	12,507.75	82.3	10,290.00
21	21	18	Platforms, walks, paving and curb.				
22	22	19	General office buildings and fixtures.	15,338.72	9,854.80	82.8	8,052.64
23	23	20	Shop buildings and engine houses.	758.13	475.00	89.5	425.00
24	24	20	Transfer and turntables, dinder pits, etc.				
25	25	20	Miscellaneous shop buildings and structures.	12,236.02	11,816.00	80	9,452.80
26	26	21	Shop machinery and tools.	19,133.88	26,680.67	58.8	15,658.75
27	27	22	Water stations.	8,422.16	3,634.31	78.9	2,864.96
28	28	23	Fuel stations.	5,436.13	5,120.00	70.7	3,613.25
29	29	24	Grain elevators.				
30	30	25	Storage warehouses.				
31	31	26	Dock and wharf property.	56.77	Abandoned		
32	32	27	Electric light plants.				
33	33	28	Electric power plants.	52,657.73	"		
34	34	29	Electric power transmission.	31,646.95	20,520.25	80	16,416.20
35	35	30	Gas producing plants.				
36	36	31	Miscellaneous structures.	3,066.43	3,066.43	84.9	2,604.17
Total Classes 1 to 36, inclusive.				4,429,348.94	4,815,509.36	96.2	4,632,224.89
37	--	1	Engineering <u>3.7</u> per cent, 1 to 36, inclusive.	174,996.63	174,996.63	100	174,996.63
38	37	32	Transportation of men and material.				
39	38	33	Rent of equipment.				
40	38	34	Repairs of equipment.	9,842.99	9,842.99	100	9,842.99
41	--	35	Earning and operating exp. during construction.	32,872.78			
42	--	35	Injuries to persons.	5,171.52			
43	--	36	Cost of road purchased.				
Total Classes 1 to 43, inclusive.				4,652,232.86	5,000,348.98	96.3	4,817,064.51
44	39	37	Steam locomotives.	84,848.46	106,700.00	44.7	47,775.00
45	--	38	Electric locomotives.	35,293.22	35,000.00	61.2	22,000.00
46	40	39	Passenger train cars.	97,962.16	108,200.00	53.7	58,050.00
47	41	40	Freight train cars.	65,715.10	69,075.00	45.7	31,550.00
48	42	41	Work equipment.	5,216.86	2,863.35	81.7	2,340.65
49	43	42	Floating equipment.				
Total Classes 1 to 49, inclusive.				4,941,268.66	5,323,187.33	93.6	4,978,780.16
50	--	43	Law expenses <u>9.3</u> per cent, Classes 1 to 36, incl.	41,822.15	41,822.15	100	41,822.15
51	44	44	Stationery and printing.	657.33	657.33	100	657.33
52	44	45	Insurance.	5,797.28	5,797.28	100	5,797.28
53	45	46	Taxes.	12,734.44	12,734.44	100	12,734.44
Total Classes 1 to 53, inclusive.				5,002,279.86	5,384,198.53	93.6	5,039,791.36
54	--	47	Int. & Comm. <u>8</u> per cent, Classes 1 to 53, incl.	445,509.17	445,509.17	100	445,509.17
55	46	48	Other expenditures.	280,872.71	253,232.81	100	253,232.81
56	--	--	Contingencies <u>1</u> per cent, Classes 1 to 53, incl.		256,052.86	100	256,052.86
57	46	--	Stores and supplies on hand for use in California.	49,742.19	48,827.38	96.9	47,327.38
GRAND TOTAL.				5,778,403.93	6,387,820.75	94.6	6,041,913.58
Average per mile for main line track.				107,625.33	118,975.98	94.6	112,533.32

Owning Company Ocean Shore Railroad Co.

Operating Company do

Operating Division \_\_\_\_\_

Valuation Unit Entire Operative Line

From Mission St. to Tunitas &

To Santa Cruz to Swanton

located San Francisco, San Mateo & Santa Cruz

FORM No. 4A.

CALIFORNIA RAILROAD COMMISSION

PHYSICAL VALUATION OF STEAM RAILROADS

FINAL SUMMARY SHEET

Valuation as of June 30, 1912.

Exhibit "D"

Submitted with Report of \_\_\_\_\_

H. C. Weeks

Date compiled January 8, 1914.

Main Line 1st Track 53.70 MI.

Line 2d Track \_\_\_\_\_ MI.

Yard Tracks, Sidings, etc., 12.85 MI.

Total 66.55 MI.

Class No.	Form No.	I.C.C. Acct. No.	CLASSES	ORIGINAL COST	REPRODUCTION VALUE	Cond. pr. ct.	PRESENT VALUE
37	--	1	Engineering.	180971 41	151813 57	100	151813 57
1	1	2	Right of way and station grounds.	645449 21	1137611 29	100	1137611 29
2	2	3	Real estate.				
3	3	4	Grading.	2315925 73	2094342 84	102	2135387 05
4	4	5	Tunnels.	72748 57	44600 64	91	40684 60
5	5	6	Steel bridges and trusses.				
6	6	6	Pile and frame trestler.	144257 63	108847 88	70	76649 77
7	7	6	Culverts.	64503 86	55112 59	86	47406 28
8	8	7	Ties.	117320 24	95796 31	59	56419 12
9	9	8	Rails.	310385 28	284505 65	92	261253 77
10	10	9	Frogs and switches.	21391 75	16981 57	60	10251 76
11	11	10	Track fastenings and other material.	43844 01	42304 17	82	34825 10
12	12	11	Ballast.	14145 29	9644 12	100	9644 12
13	13	12	Tracklaying and surfacing.	159876 56	92171 31	82	76146 77
14	14	13	Roadway tools.	1607 33	1607 33	67	1074 15
15	15	14	Fencing right of way.	14409 37	13974 42	69	9587 57
16	16	15	Crossings and signs.	91141 78	80038 46	90	72000 67
17	17	16	Interlocking plants.				
18	18	16	Signal apparatus.				
19	19	17	Telegraph and telephone lines.	7639 21	8339 57	76	6325 21
20	20	18	Station buildings and fixtures.		14123 88	80	11367 13
21	21	18	Platforms, walks, paving and curb.	10695 92	2596 49	75	1935 62
22	22	19	General office buildings and fixtures.	12181 13	10003 38	81	8118 34
23	23	20	Shop buildings and engine houses.	12700 37	8858 88	79	6967 77
24	24	20	Transfer and turntables, cinder pits, etc.				
25	25	20	Miscellaneous shop buildings and structures.		4676 71	77	3595 31
26	26	21	Shop machinery and tools.	18486 53	21800 33	69	15018 51
27	27	22	Water stations.	3700 34	3179 56	80	2534 53
28	28	22	Fuel stations.	3490 08	3974 88	72	2875 10
29	29	24	Crain 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.	31861 92	14538 00	81	10667 36
35	35	30	Gas producing plants.				
36	36	31	Miscellaneous structures.	3066 43	4252 65	60	3556 29
38	37	32	Transportation of men and material.				
39	38	33	Rent of equipment.				
40	38	34	Repairs of equipment.	9842 99			
41	--	35	Earning and operating exp. during construction.	32872 78			
42	--	35	Injuries to persons.	5171 52			
43	--	36	Cost of road purchased.				
44	39	37	Steam locomotives.	74826 76	74078 00	81	59755 00
45	--	38	Electric locomotives.	35293 22	32320 00	83	26987 00
46	40	39	Passenger train cars.	96841 12	75977 00	83	63253 00
47	41	40	Freight train cars.	48912 58	48718 00	68	33072 00
48	42	41	Work equipment.	1874 58	2255 68	78	1763 11
49	43	42	Floating equipment.				
50	--	43	Law expenses.	40100 38	30362 72	100	30362 72
51	44	44	Stationery and printing.	635 04			
52	44	45	Insurance.	6264 28			
53	45	46	Taxes.	11648 10			
54	--	47	Int. & Comm.	430451 30	172589 82	100	172589 82
55	45	48	Other expenditures.	244673 72	17258 98	100	17258 98
57	46	--	Stores and supplies on hand for use in California.	32459 52	32827 31	87	28561 01
GRAND TOTAL				5373667 84	4812083 79	96	4627319 40
Average per mile for main track.				100068 30	89610 50	96	86169 82
Total "Road" I.C.C. Accts. 1-38 inclusive				4349687 24	4325696 28	97	4193716 76
"Equipment" " " 37-42				257748 26	23348 68	79	184830 11
"General" " " 43-48				733722 82	220211 52	100	220211 52
"Non-Oper. Prop. (Not incl. in above tot.)				282841 11	118504 10	89	106104 10
"Land-Class (Operative) & Non-operative				869699 56	1232865 39	100	1232865 39
"Operative and non-operative property				5656508 95	4930587 89	96	4733423 50

Owning Company Ocean Shore Railroad Co.

Exhibit "B"

FORM No. 48.

Submitted with Report of

H. G. Weeks

Operating Company

Operating Division Non-operative

CALIFORNIA RAILROAD COMMISSION

PHYSICAL VALUATION OF STEAM RAILROADS

Date compiled January, 1914

Valuation Unit "The Gap"

FINAL SUMMARY SHEET

From Tunitas

To Scott Creek

Valuation as of June 30, 1912...

County San Mateo & Santa Cruz

NON-OPERATIVE PROPERTY

Line 1st Track --- MI.  
Line 2d Track --- MI.  
Yard Tracks, Sidings, etc., --- MI.  
Total Line 26.56 MI.

Class No.	Form No.	I.C.C. Acct. No.	CLASSES	ORIGINAL COST	REPRODUCTION VALUE	Cond. pr. ct.	PRESENT VALUE
37	--	1	Engineering.	30733 56			
1	1	2	Right of way and station grounds.	6791 27			
2	2	3	Real estate.				
3	3	4	Grading.	378727 11			
4	4	5	Tunnels.	7065 53			
5	5	6	Steel bridges and trusses.				
6	6	6	Pile and frame trestles.	6795 51			
7	7	6	Culverts.	3802 44			
8	8	7	Ties.				
9	9	8	Rails.				
10	10	9	Frogs and switches.				
11	11	10	Track fastenings and other material.				
12	12	11	Ballast.				
13	13	12	Tracklaying and surfacing.				
14	14	13	Roadway tools.				
15	15	14	Fencing right of way.	91 91			
16	16	15	Crossings and signs.				
17	17	16	Interlocking plants.				
18	18	16	Signal apparatus.				
19	19	17	Telegraph and telephone lines.				
20	20	18	Station buildings and fixtures.	125 00			
21	21	18	Platforms, walks, paving and curb.				
22	22	19	General office buildings and fixtures.				
23	23	20	Shop buildings and engine houses.				
24	24	20	Transfer and turntables, cinder pits, etc.				
25	25	20	Miscellaneous shop buildings and structures.				
26	26	21	Shop machinery and tools.				
27	27	22	Water stations.				
28	28	23	Fuel stations.				
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.				
37	37	32	Transportation of men and material.				
38	38	33	Rent of equipment.				
39	39	34	Repairs of equipment.				
40	40	35	Earning and operating exp. during construction.				
41	--	35	Injuries to persons.				
42	--	36	Cost of road purchased.				
43	39	37	Steam locomotives.				
44	--	38	Electric locomotives.				
45	40	39	Passenger train cars.				
46	41	40	Freight train cars.				
47	42	41	Work equipment.				
48	43	42	Floating equipment.				
49	--	43	Law expenses.	4284 17			
50	44	44	Stationery and printing.	64 92			
51	44	45	Insurance.	145 06			
52	45	46	Taxes.	408 10			
53	--	47	Int. & Comm.	43901 34			
54	45	48	Other expenditures.	24954 05			
55	45	--	Stores and supplies on hand for use in California.				
56	--	--	GRAND TOTAL.	507889 97		Not reproduced	
57	--	--	Average per mile for main track.				

Note: Included in Form 48 Volume VI.

Owning Company Ocean Shore R.R. Co.

FORM No. 48.

Submitted with Report of H.C. Woods

Operating Company do

Operating Division and "The Gap"

CALIFORNIA RAILROAD COMMISSION

Valuation Unit Operative & Non-Operative

PHYSICAL VALUATION OF STEAM RAILROADS

Date compiled January 8, 1914

From San Francisco

FINAL SUMMARY SHEET

Operative Line 1st Track 53.70 MI.

To Santa Cruz

Valuation as of June 30, 1912.

Non-Operative Line XX Track 26.56 MI.

Counties San Francisco, San Mateo and Santa Cruz.

NON OPERATIVE & OPERATIVE

Yard Tracks, Sidings, etc. \_\_\_\_\_ MI.

Total \_\_\_\_\_ MI.

Class No.	Form No.	I.C.C. Acct. No.	CLASSES	ORIGINAL COST	REPRODUCTION VALUE	Cond. pr. ct.	PRESENT VALUE
37	--	1	Engineering.	215515 24			
1	1	2	Right of way and station grounds.	645449 21			
2	2	3	Real estate.	231041 62			
3	3	4	Grading.	2697684 27			
4	4	5	Tunnels.	79814 10			
5	5	6	Steel bridges and trusses.				
6	6	6	Pile and frame trestles.	151053 14			
7	7	6	Culverts.	68306 30			
8	8	7	Ties.	117320 24			
9	9	8	Nails.	310385 28			
10	10	9	Frogs and switches.	21391 75			
11	11	10	Track fastenings and other material.	43844 01			
12	12	11	Ballast.	14145 29			
13	13	12	Tracklaying and surfacing.	159876 56			
14	14	13	Roadway tools.	1607 33			
15	15	14	Fencing right of way.	14501 28			
16	15	15	Crossings and signs.	91141 78			
17	17	16	Interlocking plants.				
18	18	16	Signal apparatus.				
19	19	17	Telegraph and telephone lines.	7639 21			
20	20	18	Station buildings and fixtures.	10820 92			
21	21	18	Platforms, walks, paving and curb.				
22	22	19	General office buildings and fixtures.	12181 13			
23	23	20	Shop buildings and engine houses.	12700 37			
24	24	20	Transfer and turntables, cylinder pits, etc.				
25	25	20	Miscellaneous shop buildings and structures.				
26	26	21	Shop machinery and tools.	18486 53			
27	27	22	Water stations.	3700 34			
28	28	23	Fuel stations.	3490 08			
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.	31861 92			
35	35	30	Gas producing plants.				
36	36	31	Miscellaneous structures.	3066 43			
38	37	32	Transportation of men and material.				
39	38	33	Rent of equipment.				
40	38	34	Repairs of equipment.	9842 99			
41	--	35	Earning and operating exp. during construction.	32872 78			
42	--	35	Injuries to persons.	5171 52			
43	--	36	Cost of road purchased.				
44	39	37	Steam locomotives.	74826 76			
45	--	38	Electric locomotives.	35293 22			
46	40	39	Passenger train cars.	96841 12			
47	41	40	Freight train cars.	48912 58			
48	42	41	Work equipment.	1874 58			
49	43	42	Floating equipment.				
50	--	43	Law expenses.	46237 62			
51	44	44	Stationery and printing.	726 73			
52	44	45	Insurance.	6409 34			
53	45	46	Taxes.	13142 54			
54	--	47	Int. & Comm.	492544 84			
55	45	48	Other expenditures.	279968 45			
57	46	--	Stores and supplies on hand for use in California.	52709 52			
GRAND TOTAL.				6164398 92			
Average per mile for main track.							

Note:- The above is simply the total accounting record cost of all the expenditures for "Road" and "Equipment" made by the Company, including "The Gap" and all other Operative, Non-Operative Property. It is the total of Forms 48, Volumes IV and V.