1918

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Fifty-Fourth Annual Report

of the

Chicago, Milwaukee & St. Paul Railway Company

for the

Fiscal Year Ended December 31, 1918

1918

FIFTY-FOURTH ANNUAL REPORT

OF THE

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY

FOR THE

Fiscal Year Ended December 31, 1918

CHICAGO, MILWAUKEE & ST. PAUL
RAILWAY COMPANY

DIRECTORS

TERM EXPIRES SEPTEMBER, 1919

J. OGDEN ARMOUR	CHICAGO
STANLEY FIELD	CHICAGO
L. J. PETIT	MILWAUKEE
P. A. ROCKEFELLER	NEW YORK

TERM EXPIRES MAY, 1920

WALTER P. BLISS	NEW YORK
A. J. EARLING	CHICAGO
EDWARD S. HARKNESS	NEW YORK
R. M. CALKINS	CHICAGO
JOHN D. RYAN	NEW YORK

TERM EXPIRES MAY, 1921

SAMUEL H. FISHER	NEW YORK
DONALD G. GEDDES	NEW YORK
WILLIAM ROCKEFELLER	NEW YORK
JOHN A. STEWART	NEW YORK

EXECUTIVE COMMITTEE

JOHN A. STEWART
WILLIAM ROCKEFELLER
SAMUEL H. FISHER
R. M. CALKINS
P. A. ROCKEFELLER
EDWARD S. HARKNESS

OFFICERS

R. M. CALKINS	President	CHICAGO
E. D. SEWALL	Vice-President	CHICAGO
C. B. FERRY	Vice-Pres't, Ass't Sec'y	NEW YORK
E. W. ADAMS	Secretary	MILWAUKEE
A. C. HAGENSICK	Assistant Secretary	MILWAUKEE
F. B. SIMPSON	Treasurer, Ass't Sec'y and Transfer Agent	NEW YORK
R. J. MARONY	Ass't Treas., Ass't Sec'y and Transfer Agent	NEW YORK
J. A. PETERSON	Assistant Treasurer	CHICAGO
J. WELCH	Comptroller	CHICAGO
F. LETHENSTROM	Auditor	CHICAGO
W. W. K. SPARROW	Chief Engineer	CHICAGO
BURTON HANSON	General Counsel	CHICAGO

ANNUAL MEETING

The Annual Meeting of Stockholders will be held at the office of the Secretary of the Company in the City of Milwaukee, Wis., on Tuesday, May 20, 1919, at twelve o'clock noon.

THE
FIFTY-FOURTH ANNUAL REPORT
OF THE DIRECTORS OF THE
CHICAGO, MILWAUKEE & ST. PAUL
RAILWAY COMPANY
TO THE STOCKHOLDERS

For the Fiscal Year ended December 31, 1918

The Directors submit to the Stockholders the following report of the Company and the Six Subsidiary Companies for the year ended December 31, 1918, and of the condition of its property and finances at the close of that year.

*Compensation accrued under Federal Control, for possession, use and control of property of the Company's system		$ 27,946,771.45
Other Income:		
Interest on Bonds	$ 44,096.30	
Dividends on Stocks	170,344.00	
Interest on Other Securities, Loans and Accounts	514,341.35	
Rents—Received	234,213.71	
†Revenue Prior to January 1, 1918	1,143,676.31	
Miscellaneous	370,332.95	2,477,004.62
Gross Income		$ 30,423,776.07
Deductions:		
Interest Accrued on Funded Debt	$16,767,186.15	
Interest on Notes	663,084.31	
†Expenses Prior to January 1, 1918	5,583,965.45	
Corporate Organization Expenses.	163,214.77	
Taxes Accrued	376,628.03	
Rents—Paid	27,520.32	
Miscellaneous	600,667.31	24,182,266.34
Net Income		$ 6,241,509.73

The foregoing statement shows the income of the Company for the year 1918, during Government control. It does not include interest due to or from the Government growing out of liquidation of assets and liabilities, deferred payments on compensation and for additions and betterments for the reason that the accounts have not yet been so stated as to enable computation of such interest. It is estimated, however, that the interest due to the Company is somewhat in excess of that due to the Government.

*Of this amount $6,275,000.00 was received to December 31, 1918.

†These items are included in Income Account of the current year under instructions of the Interstate Commerce Commission.

AGREEMENT WITH DIRECTOR GENERAL

In submitting the Annual Report of the Company for the year ended December 31, 1917, you were advised that negotiations were then pending for an agreement with the Director General pursuant to the terms and provisions of the Federal Control Act. These negotiations have now been concluded, and the Board is now able to report that pursuant to resolutions adopted at the annual and adjourned meetings of the stockholders of the Company May 18 and August 15, 1918, an agreement has been made between the Director General of Railroads and this Company and its six subsidiary Railway Companies, covering the possession, use, control and operation of their railways and system of transportation. This agreement was finally executed and delivered March 29, 1919. Among other things, it provides for the payment to the Company of an annual compensation as certified by the Interstate Commerce Commission, as follows:

Chicago, Milwaukee & St. Paul Ry. Co.	$ 27,154,551.02
Tacoma Eastern Railroad Company	133,525.16
Puget Sound & Willapa Harbor Ry. Co.	82,149.27
Seattle, Port Angeles & Western Ry. Co.	72,664.93
Bellingham & Northern Railway Co.	40,305.24
Milwaukee Terminal Ry. Co.	32,556.60
Gallatin Valley Ry. Co. (Deficit)	*8,980.77*
	$27,506,771.45
In addition to the above amount an extra allowance was granted the Company on account of recent expenditures made by it for the installation of electrical operation of 440 miles of line between Harlowton, Mont., and Avery, Idaho	440,000.00
Total Annual Compensation	$27,946,771.45

DISPOSITION OF NET CORPORATE INCOME FOR THE YEAR 1918.

By reference to table on page 5, you will note that the net corporate income of the Company for the year 1918 was $6,241,509.73. If, after the floating or unfunded debts of the Company are paid and a reasonable amount as working capital or surplus has been reserved, there remains a balance, it would be proper for the Board to apply such balance toward the payment of a dividend on the preferred stock of the Company. On December 31, 1918, the floating debts of the Company were as follows:

Amount due United States Railroad Administration for Open Accounts covering the liquidation of assets and liabilities as of January 1, 1918	$ 2,912,846.44
Amount due War Finance Corporation	8,500,000.00
Amount due New York banks	4,500,000.00
Amount due United States Railroad Administration	857,000.00
Total	$ 16,769,846.44

Of the amount borrowed from the War Finance Corporation, $5,000,000 was used for the payment of interest on the bonds of the Company which fell due during the year 1918. The balance, $3,500,000 and the $857,000 borrowed from the United States Railroad Administration was used for the payment of interest on the bonds of the Company which fell due January 1, 1919. These loans are covered by demand notes of the Company and were made necessary because at that time the agreement between the Company and the Director General had not been executed and adjustment of accounts completed. As a result the United States Railroad Administration withheld the payment of further amounts on account of compensation. The $4,500,000 borrowed from the New York banks was also covered by demand notes and was used for the payment of interest on the bonds of the Company which became payable during the early part of 1918. The Company was required to deposit with the War Finance Corporation as collateral security for the $8,500,000 loan, its General and Refunding Mortgage bonds which it held in its treasury to reimburse it for expenditures made out of prior earnings for additions and betterments to the Company's property.

There is still due the Company from the United States Railroad Administration on account of its 1918 compensation $21,671,771.45, which, however, is subject to further adjustments under the terms of the agreement between the Company and the Director General with respect to expenses incurred for maintenance of way and structures and maintenance of equipment. The result of these adjustments will not be known for some months. This amount, $21,671,771.45, or such part thereof as is paid to the Company, will, when paid, be applied in payment of the $2,912,846.44, the amount due to the United States Railroad Administration for Open Accounts, and to the payment of the amounts borrowed from the War Finance Corporation, the New York banks and the United States Railroad Administration.

In addition to the above, this Company having guaranteed the payment of $3,000,000 of Trust Certificates issued by the Puget Sound & Willapa Harbor Railway Company in 1913, and which matured June 1, 1918, found it necessary to borrow from the War Finance Corporation $3,000,000 to take up these certificates. This loan is represented by a demand note secured by General and Refunding Mortgage bonds of the Company, and will be taken up as soon as the Company can finance itself by the sale of bonds.

If the amount due from the Railroad Administration to the Company, $21,671,771.45, is not materially changed by the adjustments which may be made, there will remain a balance of approximately $4,900,000, which when received will be available for working capital, surplus and dividends; but until these adjustments are made it will not be proper for the Board under the provisions of the Articles of Association of the Company to take action respecting the disposition of whatever balance may remain.

ACQUISITION OF RAILWAYS OF SUBSIDIARY COMPANIES.

The Company heretofore has owned all of the outstanding capital stock (excepting Directors' qualifying shares) of the following companies:

Tacoma Eastern Railroad Company.
Puget Sound & Willapa Harbor Railway Company.
Seattle, Port Angeles & Western Railway Company.
Bellingham & Northern Railway Company.
Milwaukee Terminal Railway Company.
Gallatin Valley Railway Company.

While each of these companies has heretofore been operated as a separate organization, keeping separate accounts and making separate reports to the Interstate Commerce Commission and other public bodies, their railways have been operated as branches or feeders of the railway system of this Company. It has, therefore, been deemed advisable on the grounds of both economy and efficiency, to have the railways of these companies conveyed to this Company, and accordingly proper action has been taken authorizing each of these companies to convey its railway, property and franchises to this Company, and deeds of conveyance, dated December 31, 1918, have been made. The railway of the Tacoma Eastern Railroad Company was conveyed subject to outstanding bonds, secured by mortgage, in the amount of $884,000, and the railway of the Bellingham & Northern Railway Company was conveyed subject to outstanding bonds, secured by mortgage, in the amount of $515,000.

Henceforth the railways of these subsidiary companies will be owned by this Company and operated as part of its system.

TEMPORARY FINANCING.

The United States Railroad Administration took over all cash on hand and balance due from agents on December 31, 1917, and as these amounts were collected the same were retained by the Railroad Administration, which left the Company with no funds to meet current expenses and other corporate requirements. Only $6,275,000 was received from the Railroad Administration on account of the compensation which the Company was entitled to receive for the use of its railroad for the year 1918. It was therefore necessary to borrow funds from time to time to enable the Company to pay interest on its outstanding bonds and to meet other corporate requirements. $8,500,000 was borrowed from the War Finance Corporation, $4,500,000 from New York banks, and $857,000 from the Railroad Administration, making a total of $13,857,000. The Company was also obliged to borrow $3,000,000 from the War Finance Corporation to take up that amount of Puget Sound & Willapa Harbor Railway Company Trust Certificates which matured June 1, 1918, and which this Company guaranteed.

Funds amounting to $10,872,711.70 to pay for Additions and Betterments to the property for expenditures made during the year were provided by the United States Railroad Administration and such amounts have been charged to the Company. Arrangements for financing the cost of these Additions and Betterments and refunding the Trust Certificates of the Puget Sound & Willapa Harbor Railway Company will be made as soon as conditions will permit. Material and Supplies to the value of $15,231,983,56 were taken over by the Government and no credit has been allowed for the reason that the same unit quantities of material and supplies are to be returned to the Company at the termination of Federal control.

ADDITIONS AND BETTERMENTS AUTHORIZED

Equipment

The Director General assigned to the Company 100 heavy freight locomotives and 3,000 box cars (1,000 of which are to be built in the Company's shops at Milwaukee). The Board protested against this allocation on account of high prices due to war conditions and succeeded in reducing the number of cars from 5,000 to 3,000; the cost of this equipment will be financed as soon as conditions will permit.

Fifteen electric passenger and two electric switch locomotives have been purchased and delivery of the two switch locomotives is expected during the month of May, 1919, and delivery of passenger locomotives by July 1, 1919, for service on the additional 217 miles now being electrified between Othello, Washington, and Seattle and Tacoma.

New Station Buildings and Terminal Facilities

New freight yards and engine terminals have been completed and put into operation at Atkins, Iowa, Sioux City, Iowa, and Ottumwa Jct., Iowa.

New freight yards and terminal facilities at Godfrey, Illinois, near Chicago, have been completed and placed in operation with the exception of buildings and tracks for repair yard, the construction of which has for the present been deferred.

Automatic Block Signals

New Automatic, three position, color indication, alternating current, light signals were installed during 1918, as follows:

Rocky Mountain Division, Three Forks to Piedmont, 34.2 miles; Missoula Division, Garrison to Alberton, 100.00 miles; Twin City Terminal Division, Hennepin Avenue to South Minneapolis, 3.0 miles.

The direct current semaphore signals formerly in service on the Columbia Division between Othello and Cle Elum, 98.1 miles, and on the Coast Division between Cle Elum and Maple Valley, 68.1 miles, and between Black River Junction and Tacoma, 28.3 miles, are being replaced with color indication, alternating current, light signals on account of the direct current, semaphore type of signal not being adapted to service on an electrified line.

Elimination of Grade Crossing

Owing to war conditions only work of minor character has been prosecuted during the past year. No new track elevation work has been commenced, and such track elevation work as had been started has not been brought to completion.

New Lines and Extensions

The connections necessary to complete cut-off between Bensenville, Illinois, and Techny, Illinois, have been completed and the line is now in operation.

Interlocking Plants

Four new mechanical interlocking plants have been installed (two 36-lever, one 52-lever, and one 56-lever) at the ends of the Techny-Bensenville Cut-off.

Electrification

Work on the electrification of the line from Othello, Washington, to Seattle and Tacoma, Washington, a distance of 217 miles, has been continued and will be completed during the coming year, making a total of 657 miles of electrically operated main track.

Federal Valuation

Federal valuation of the Company's property has continued during the past year.

Roadway and Track field inventory has been completed with the exception of Chicago Terminals and the work necessary on the lines West of Mobridge, due to date of valuation having been advanced by the Government Division of Valuation from June 30, 1915, to June 30, 1918. Maps and profiles are 50 per cent completed and 25 per cent have been furnished the Division of Valuation. The field inventory of telegraph and telephone properties is completed and the field work in connection with the inventory of bridges and buildings is 55 per cent completed. Valuation of right ofway and real estate is about 30 per cent completed, and forces are engaged in securing the necessary additional information. The valuation work is being pushed as much as possible with a view of bringing it to an early conclusion.

ORGANIZATION CHANGES.

Early in the year 1918, the Director General appointed his own staff, selecting them from the officers of the Company, for the operation of the property. He also issued instructions that all such officials and employes in the service of the United States Railroad Administration should sever their connection with the Corporation. This action necessitated a separate organization to look after the interests of the Company in its negotiations with the Government for the execution of a contract covering the property taken over, also for the proper supervision and accounting, and to see that the property is maintained to the standard existing when same was taken over so that at the end of Federal Control it will be returned to the Company in substantially as good repair and as complete equipment as it was on January 1, 1918. Mr. H. E. Byram, formerly President, was appointed Federal Manager in charge of the property under Federal Control. The officers constituting the Corporate organization are chiefly those in the Executive Department and essential for the protection of your interests. A list of these officers appears on page 3 of this report.

MILES OF TRACK, DECEMBER 31, 1918.

Owned solely by this Company:		
Main track	9,808.06	
Second main track	1,043.55	
Third main track	20.55	
Fourth main track	14.29	
Connection tracks	47.89	
Yard tracks, sidings and spur tracks	3,287.11	14,221.45
Owned jointly with other Companies:		
Main track	109.74	
Second main track	6.16	
Third main track	1.94	
Fourth main track	1.93	
Connection track	6.14	
Yard tracks, sidings and spur tracks	204.80	330.71
Used by this Company under contracts:		
Main track	362.62	
Second main track	88.43	
Third main track	1.14	452.19
Total miles of track		15,004.35

Average miles of main track in operation during the year:

Owned solely	9,830.40 miles
Owned jointly	109.74 "
Used under contracts	362.75 "
Total average miles operated	10,302.89 miles

The lines of road of this Company are located in the following States:

Wisconsin	1,814.01 miles
Illinois	418.72 "
Iowa	1,864.49 "
Minnesota	1,230.04 "
North Dakota	379.93 "
South Dakota	1,795.23 "
Missouri	140.25 "
Michigan	197.39 "
Montana	1,157.29 "
Idaho	237.89 "
Washington	682.56 "
Total length of main track owned solely and jointly	9,917.80 miles

EQUIPMENT.

During the year, one thousand seven hundred and eighty-five cars of various classes have been purchased or built, as follows:

1002 Box Cars	1 Coach
754 Coal Cars	1 Locomotive Crane
1 Stock Car	26 Work Train Cars

During the year, one hundred forty-two locomotives and four thousand sixty-five cars were destroyed by wreck or fire, sold or taken down on account of small capacity, as follows:

142 Locomotives	3 Mail and Express Cars
2436 Box Cars	2 Passenger and Baggage Cars
169 Stock Cars	2 Mail, Baggage and Express Cars
431 Flat Cars	3 Baggage Cars
63 Coal Cars	21 Cabooses
106 Ore Cars	25 Ballast Cars
65 Refrigerator Cars	736 Work Train Cars
3 Coaches	

RESERVE FOR ACCRUED DEPRECIATION.

At the close of the fiscal year ended December 31, 1917, there was to the credit of Reserve for Accrued Depreciation the sum of $11,778,641.14. There has been credited to this account $298,280.92 covering the balances in the various Reserve for Accrued Depreciation Accounts transferred from the six subsidiary Companies acquired as of December 31, 1918.

There has been charged to this Reserve an amount of $847,535.32 representing the Accrued Depreciation previously credited on equipment destroyed, sold or taken down during the year, which results in a net decrease in the Reserve of $549,254.40 for the year.

The balance of this Reserve December 31, 1918, as shown in the Balance Sheet is $11,229,386.74, which represents the estimated depreciation of rolling stock from June 30, 1907, to December 31, 1917.

EQUIPMENT, DECEMBER 31, 1918.

Locomotives—Steam			1,795
Locomotives—Electric			45
Freight-train Cars:			
Box Cars		39,325	
Flat Cars		4,419	
Stock Cars		5,351	
Coal Cars		7,237	
Refrigerator Cars		2,168	
Caboose Cars		1,046	
Other Freight-train Cars (Ore Cars)		2,006	61,552
Passenger-Train Cars:			
Coaches		644	
Combination Passenger Cars		131	
Passenger, Baggage and Mail	4		
Passenger and Baggage	99		
Gas-Electric Motor Cars	7		
Baggage-Buffet	5		
Buffet-Observation	14		
Buffet-Lounging Cars	2		
Other Combination Cars		133	
Baggage, Mail and Express	4		
Baggage and Mail	83		
Mail and Express	46		
Dining Cars		61	
Parlor Cars		34	
Sleeping Cars		239	
Standard	203		
Tourist	36		
Baggage and Express Cars		266	
Postal Cars		57	1,565
Company Service Cars:			
Office and Pay Cars		23	
Ballast Cars		2,359	
Derrick Cars		48	
Steam Shovels		21	
Wrecking Cars		15	
Other Company Service Cars		905	3,371
Total			68,328

INSURANCE DEPARTMENT

INSURANCE RESERVE ACCOUNT

Income:		
Premium Received:		
For Insurance of Railway Properties	$	149,497.03
Less—Reinsurance Paid		77,861.31
Net Premium Income	$	71,635.72
Other Income:		
Interest and Dividends on Securities Owned		110,649.00
Gross Income	$	182,284.72
Disbursements:		
Fire Losses—Net		166,796.19
Net Income for the Year	$	15,488.53
Insurance Reserve as per General Balance Sheet, Page 23	$	2,800,975.70

ASSETS AND LIABILITIES

Assets:		
Funded:		
Securities as shown on page 17	$	2,835,100.00
Unfunded:		
Interest Accrued on Securities Owned		65,801.02
Total Assets	$	2,900,901.02
Liabilities:		
Insurance Reserve	$	2,800,975.70
C. M. & St. P. Ry. Co. Advances		99,925.32
Total Liabilities	$	2,900,901.02

INSURANCE DEPARTMENT

INVESTMENTS—SECURITIES

The Insurance Reserve December 31, 1918, amounts to $2,800,975.70, of which $2,835,100.00 is invested in securities at par, as shown in the following statement:

Chicago, Milwaukee & St. Paul Ry. Co. Stock:		
Preferred Stock	$	86,100.00
Common Stock		5,300.00
Chicago, Milwaukee & St. Paul Ry. Co. Bonds:		
Chicago, Milwaukee & Puget Sound Ry. Co. 4%	$	1,000,000.00
Fargo & Southern Ry. Co. 6%		2,000.00
Milwaukee & Northern R. R. Co. First 4½%		38,000.00
Milwaukee & Northern R. R. Co. Cons., 4½%		20,000.00
General Mortgage 4%		759,000.00
General & Refunding Mortgage Convertible 5%		11,500.00
Twenty-five Year Gold 4%		83,000.00
La Crosse & Davenport Division 5%		4,000.00
Chicago & Pacific Western Division 5%		6,000.00
Convertible Gold 4½%		19,200.00
Tacoma Eastern R. R. Co. 5%		51,000.00
	$	2,085,100.00
Bonds of other Companies:		
Atchison, Topeka & Santa Fe Ry. Co. 4%	$	100,000.00
Baltimore & Ohio R. R. Co. 3½%		50,000.00
Chicago, Burlington & Quincy R. R. Co. 4%		50,000.00
Chicago & Western Indiana R. R. Co. 4%		125,000.00
City of New York 4%		75,000.00
Lake Shore & Michigan Southern Ry. Co. 4%		100,000.00
Northern Pacific Ry. Co. 4%		100,000.00
Pennsylvania R. R. Co. 4%		100,000.00
Union Pacific R. R. Co. 4%		50,000.00
Total	$	2,835,100.00

CAPITAL STOCK.

At the close of the last fiscal year (December 31, 1917), the share capital of the Company amounted to $233,686,200.00 and consisted of $117,411,300.00 of Common Stock and $116,274,900.00 of Preferred Stock, of which $429,100.00 Preferred Stock and $5,300.00 Common Stock are held by the Company. Of the Preferred Stock held by the Company, $343,000.00 is in the Treasury and $86,100.00 is in the Insurance Reserve Fund.

All of the $5,300.00 of Common Stock held by the Company is in the Insurance Reserve Fund. No Capital Stock has been issued during the year ended December 31, 1918.

FUNDED DEBT.

At the close of the last fiscal year the Funded Debt of the Company was $490,304,154.66.

It has been decreased during the fiscal year by $138,000.00 Dubuque Division 6% Bonds, and $45,000.00 Wisconsin Valley Division 6% Bonds retired and by a transfer to Matured Funded Debt of $4,000 Dakota and Great Southern Ry. Co. bonds, which matured Jan. 1, 1916, but which have not yet been presented for payment.

It has been increased by $884,000.00 of Tacoma Eastern Railroad Co. First Mortgage Bonds (of which $30,000.00 was previously carried as an investment and $51,000.00 was carried in the Insurance Reserve Fund), and $515,000.00 of Bellingham & Northern Ry. Co. First Mortgage Bonds, assumed, and the issue of $9,958,000.00 of General and Refunding Mortgage Bonds.

The amount of bonds issued at the close of this fiscal year is $501,474,154.66, of which $117,247,200.00 are in the Treasury of the Company and $384,226,954.66 are outstanding.

TREASURY BONDS.

At the close of the last fiscal year the amount of the Company's bonds in the treasury was	$107,259,200.00
It has been increased by—	
General and Refunding Mortgage 4½% Bonds issued	9,958,000.00
Tacoma Eastern R. R. Co. First Mortgage Bonds heretofore carried as an investment	30,000.00
At the close of this fiscal year, bonds in treasury composed of General and Refunding Mortgage Bonds and First Mortgage Bonds available for the acquisition of additional property or for other additions and betterments amounted to	$117,247,200.00

SUBSIDIARY COMPANIES

The Income Accounts of the Subsidiary Companies named below, show the following results for the fiscal year:

These Companies were operated independently during the year and their Income Accounts are not included in the Income Statement of the Chicago, Milwaukee & St. Paul Railway Company, shown on page 24 of this report, but same are included in the Consolidated Statement on page 5.

TACOMA EASTERN RAILROAD COMPANY

Compensation Accrued		$133,525.16
OTHER INCOME:		
Interest on Other Securities, Loans and Accounts	$ 7,125.17	
Rents—Received	380.00	
Revenue Prior to January 1, 1918	7,895.36	
Miscellaneous	1,992.07	17,392.60
Gross Income		$150,917.76
DEDUCTIONS:		
Interest Accrued on Funded Debt	$ 44,200.00	
Interest on Notes	111,021.08	
Expenses Prior to January 1, 1918	35,488.60	
Corporate Organization Expenses	96.25	
Rents—Paid	53.89	
Miscellaneous	8,798.99	199,658.81
Net Income (Deficit)		*$ 48,741.05*

GALLATIN VALLEY RAILWAY COMPANY

Compensation Accrued		*$ 8,980.77*
OTHER INCOME:		
Revenue Prior to January 1, 1918	$ 52.62	
Miscellaneous	1,905.00	1,957.62
Gross Income (Debit)		*$ 7,023.15*
DEDUCTIONS:		
Expenses Prior to January 1, 1918	$ 12,792.20	
Corporate Organization Expenses	1.00	
Miscellaneous	555.88	13,349.08
Net Income (Deficit)		*$ 20,372.23*

PUGET SOUND & WILLAPA HARBOR RAILWAY COMPANY

Compensation Accrued		$ 82,149.27
Other Income:		
Interest on Other Securities, Loans and Accounts	$ 8.05	
Rents—Received	5.00	
Revenue Prior to January 1, 1918	*8,562.80*	
Miscellaneous	314.94	*8,234.81*
Gross Income		$ 73,914.46
DEDUCTIONS:		
Interest on Notes	$ 5,641.74	
Expenses Prior to January 1, 1918	8,218.92	
Corporate Organization Expenses	43.50	
Miscellaneous	63,196.20	77,100.36
Net Income (Deficit)		*$ 3,185.90*

SUBSIDIARY COMPANIES—Concluded.

SEATTLE PORT ANGELES & WESTERN RAILWAY COMPANY

Compensation Accrued		$ 72,664.93
OTHER INCOME:		
Interest on Other Securities, Loans and Accounts	$ 2.19	
Rents—Received	7.50	
Revenue Prior to January 1, 1918	*2,051.24*	
Miscellaneous	1,764.34	*277.21*
Gross Income		$ 72,387.72
DEDUCTIONS:		
Interest on Notes	$ 2,008.40	
Expenses Prior to January 1, 1918	25,467.85	
Corporate Organization Expenses	1.00	
Rents—Paid	1,004.90	28,482.15
Net Income		$ 43,905.57

BELLINGHAM & NORTHERN RAILWAY COMPANY

Compensation Accrued		$ 40,305.24
OTHER INCOME:		
Rents—Received	$ 3,030.00	
Revenue Prior to January 1, 1918	3,676.53	
Miscellaneous	5,858.91	12,565.44
Gross Income		$ 52,870.68
DEDUCTIONS:		
Interest Accrued on Funded Debt	$ 26,483.33	
Interest on Notes	34,455.89	
Expenses Prior to January 1, 1918	1,511.19	
Corporate Organization Expenses	30.58	
Rents—Paid	537.00	
Miscellaneous	17,633.89	80,651.88
Net Income (Deficit)		*$ 27,781.20*

MILWAUKEE TERMINAL RAILWAY COMPANY

Compensation Accrued		$ 32,556.60
OTHER INCOME:		
Revenue Prior to January 1, 1918	*$ 14,353.70*	
Miscellaneous	210.00	*14,143.70*
Gross Income		$ 18,412.90
DEDUCTIONS:		
Interest on Notes	$ 35,068.84	
Expenses Prior to January 1, 1918	12,129.01	
Corporate Organization Expenses	1.00	
Rents—Paid	717.90	
Miscellaneous	702.71	48,619.46
Net Income (Deficit)		*$ 30,206.56*

FUTURE RAILWAY POLICY

The results of Federal operation and control of the railways of the country have dispelled whatever doubt may heretofore have existed as to the necessity for needed changes in the laws governing their operation under private management, and prior to the adjournment of the last Congress, the Senate Committee on Interstate Commerce held numerous hearings on the subject to obtain the views of the public, the railway owners, the executive officers and the employes.

The Association of Railway Executives, representing over 91 per cent of the railway mileage of the country, of which this Company is a member, formulated and presented to the Senate Committee a plan which embraced the establishment by Federal authority of a basis of rates which should produce an adequate return upon invested capital, and attract the additional capital needed for future requirements; also the regulation by Federal authority of wages, the issuance of new securities, the elimination of all conflicting state regulations, the repeal or modification of such laws as prevent the unification of lines or facilities tending to economy of operation, and other features of lesser importance. As the necessity for remedial legislation is recognized by the Congress, the press and the public, it is confidently expected that the plan mentioned, or some other plan on the same general lines, will be the subject of affirmative action as soon as practical after the assembling of Congress.

General Balance Sheet, Income, Profit and Loss and other tables relating to corporate affairs and also statements showing result of Federal Operation are appended hereto.

By order of the Board of Directors.

R. M. CALKINS,
President.

April, 1919.

GENERAL BALANCE SHEET

ASSETS—December 31, 1918.

Property Investment:		
Road and Equipment....................		$628,036,781.51
Accrued Depreciation—Equipment—Cr		11,229,386.74
		$616,807,394.77
Securities:		
Securities of Controlled Companies—		
Unpledged:		
Stocks............................	$ 5,586,667.29	
Funded Debt......................	110,000.00	5,696,667.29
Other Investments:		
Advances to Controlled Companies for Construction, Equipment and Betterments..............................	$23,413,770.86	
Miscellaneous Investments:		
Physical Property.....................	632,161.91	
Investment Securities—Unpledged......	295,022.54	24,340,955.31
Total Capital Assets................		$646,845,017.37
Current Assets:		
Cash (for Interest due Jan. 1, 1919)....	$ 4,487,118.12	
Loans and Bills Receivable.............	432,188.04	
Traffic and Car-Service Balances........	414,555.00	5,333,861.16
Miscellaneous Accounts Receivable:		
United States Government............		21,671,771.45
Total Compensation Accrued.........	27,946,771.45	
Less Amount Received...............	6,275,000.00	
Other Accounts Receivable...........	1,399,507.59	
Other Current Assets.................	230,533.71	1,630,041.30
Total Current Assets..............		$ 28,635,673.91
Deferred Assets:		
United States Government Open Account		17,483,303.11
Cash December 31, 1917.............	$ 4,032,843.54	
Cash since December 31, 1917........	1,283,027.42	
Agents and Conductors Balances.....	3,889,509.04	
Assets December 31, 1917, Collected..	6,490,974.13	
Revenues Prior to January 1, 1918....	1,378,603.12	
Corporate Transactions..............	408,345.86	
U. S. Material and Supplies Dec. 31, 1917		15,231,983.56
Equipment Retired—U. S. Government.		1,671,136.81
Total Deferred Assets.............		$ 34,386,423.48
Accrued Income not Due:		
Unmatured Interest....................		124,334.90
Unadjusted Debit Items:		
Special Deposits.......................	$ 153,497.90	
Cash and Securities in Sinking Funds....	276,627.52	
Securities in Insurance Fund	2,835,100.00	
Other Unadjusted Debit Items.........	2,330,780.97	5,596,006.39
		$715,587,456.05

GENERAL BALANCE SHEET

LIABILITIES—December 31, 1918.

Capital Stock:			
Common Stock.........................			
In Hands of Public.....	$117,406,000.00		
Held by Company......	5,300.00	$117,411,300.00	
Preferred Stock........................			
In Hands of Public.....	$115,845,800.00		
Held by Company......	429,100.00	116,274,900.00	
Premiums Realized on Capital Stock....		36,183.87	
Total Capital Stock....................			$233,722,383.87
Funded Debt:			
Mortgage Bonds.......................			
In Hands of Public.....	$250,517,800.00		
Held by Company......	119,410,700.00	$369,928,500.00	
Debenture Bonds......................			
In Hands of Public.....	$131,443,454.66		
Held by Company......	102,200.00	131,545,654.66	
Total Funded Debt....................			501,474,154.66
Total Capital Stock and Funded Debt....			$735,196,538.53
Less Stock and Bonds *unsold,* held by the Company............................			117,590,200.00
Total Capital Liabilities..............			$617,606,338.53
Current Liabilities:			
Bills Payable.........................		$ 16,857,000.00	
Traffic and Car-Service Balances........		254,423.23	
Pay Rolls and Vouchers...............		350,095.75	
Miscellaneous Accounts Payable........		211,701.35	
Unclaimed Dividends..................		7,021.00	
Interest Coupons not Presented.........		690,762.63	
Matured Funded Debt.................		7,782.62	
Other Current Liabilities..............		91,135.92	18,469,922.50
Deferred Liabilities:			
U. S. Government Open Account:.......			20,396,149.55
Liabilities December 31, 1917, Paid...		$ 15,534,826.95	
Expenses Prior to January 1, 1918.....		4,861,322.60	
U. S. Gov't Additions and Betterments..			10,872,711.70
Total Deferred Liabilities			$ 31,268,861.25
Accrued Liabilities not Due:			
Interest Accrued on Funded Debt.......		$ 5,682,508.95	
Taxes Accrued.........................		925,175.55	6,607,684.50
Unadjusted Credit Items:			
Insurance Department Fund—Reserve..		2,800,975.70	
Other Unadjusted Credit Items.........		1,859,098.79	4,660,074.49
Appropriated Surplus:			
Reserves from Income or Surplus:			
Invested in Sinking Funds............		294,278.85	
Invested in Physical Property........		142,304.67	
Funded Debt Retired—B. & N. Ry...		33,000.00	469,583.25
Profit and Loss—Balance:			
Surplus................................			36,504,991.26
			$715,587,456.05

STATEMENT OF INCOME ACCOUNT

OF THE

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY

YEAR ENDED DECEMBER 31, 1918.

Compensation accrued under Federal Control for use of Property		$ 27,594.551.02
OTHER INCOME:		
Interest on Bonds	$ 44,096.30	
Dividends on Stocks	170,344.00	
Interest on Other Securities, Loans and Accounts	507,205.94	
Rents—Received	230,791.21	
Revenue Prior to January 1, 1918	1,157,019.54	
Miscellaneous	358,287.69	
Total Other Income		2,467,744.68
Gross Income		$ 30,062,295.70
DEDUCTIONS FROM INCOME:		
Interest Accrued on Funded Debt	$ 16,696,502.82	
Interest on Notes	474,888.36	
Expenses Prior to January 1, 1918	5,488,357.68	
Corporate Organization Expenses	163,041.44	
Taxes Accrued	376,628.03	
Rents—Paid	25,206.63	
Miscellaneous	509,779.64	
Total Deductions		$ 23,734,404.60
NET INCOME CARRIED FORWARD TO CREDIT OF PROFIT AND LOSS		$ 6,327,891.10

PROFIT AND LOSS ACCOUNT, DECEMBER 31, 1918.

DEBIT		CREDIT	
Net Loss on Property Sold or Abandoned and not Replaced		Balance December 31, 1917	$ 30,975,174.09
Road	$ 448,402.79	Balance for Year brought forward from Income Account	6,327,891.10
Equipment	631,001.23	Other Miscellaneous Net Credits	295,077.04
Surplus Appropriated for Investment in Physical Property	13,746.95		
Balance Credit, December 31, 1918, carried to General Balance Sheet	36,504,991.26		
	$ 37,598,142.23		$ 37,598,142.23

CAPITAL STOCK, DECEMBER 31, 1918

Common Stock December 31, 1917	$117,411,300.00
Preferred Stock December 31, 1917	116,274,900.00
No changes during the year	
Total Capital Stock, December 31, 1918	$233,686,200.00

FUNDED DEBT, DECEMBER 31, 1918

Total Funded Debt December 31, 1917, including all liens on purchased roads	....	$490,304,154.66
Decrease during the year:		
Dakota & Great Southern Ry. Co. bonds which matured January 1, 1916	$ $4,000.00	
Bonds Purchased for Sinking Fund:		
Dubuque Division Bonds	138,000.00	
Wisconsin Valley Division Bonds	45,000.00	
Total Decrease		187,000.00
		$490,117,154.66
Increase during the year:		
General and Refunding Mortgage Bonds	$ 9,958,000.00	
Tacoma Eastern R. R. First Mortgage Bonds assumed. Of this amount $30,000.00 is in Treasury and $51,000.00 in Insurance Reserve Fund	884,000.00	
Bellingham & Northern Ry. Co. First Mortgage Bonds assumed	515,000.00	
Total Increase		11,357,000.00
Total Funded Debt December 31, 1918		$501,474,154.66
Of the total amount of Bonds as stated above, there remains in the Treasury		$117,247,200.00

SECURITIES OWNED

	Book Value
Investments in Affiliated Companies:	
Capital Stock:	
Davenport, Rock Island & Northwestern Ry. Co.	$ 1,750,000.00
Indiana Harbor Belt R. R. Co.	1,000,000.00
Butte, Anaconda & Pacific Ry. Co.	1,073,500.00
Milwaukee Land Co.	500,000.00
St. Paul Coal Co.	350,000.00
White Sulphur Springs & Yellowstone Park Ry. Co.	173,645.07
Excelsior Coal Co.	150,000.00
St. Paul Union Depot Co.	103,600.00
Kansas City Terminal Ry. Co.	100,000.00
Des Moines Union Ry. Co.	100,000.00
Braceville Coal Co.	100,000.00
Republic Coal Co.	100,000.00
Idaho Water & Electric Power Co.	49,035.55
Minneapolis Eastern Ry. Co.	15,475.00
Chicago Union Station Co.	7,000.00
Minnesota Transfer Ry. Co.	7,000.00
Reliance Power Co.	6,071.38
Northern Mining & Smelting Co.	1,040.99
Continental Telegraph Co.	299.30
	$ 5,586,667.29
Funded Debt:	
Minneapolis Eastern Ry. Co.	110,000.00
Total	$ 5,696,667.29

FUNDED DEBT, DECEMBER 31, 1918

Description of Bonds	Date of Maturity	Interest: Rate	Interest: Payable	Interest: Accrued During the Year	Amount of Bonds
La Crosse & Davenport Division	July 1, 1919	5 %	Jan. and July	$ 124,800.00	$ 2,496,000.00
Dubuque Division	July 1, 1920	6 %	Jan. and July	249,960.00	4,123,000.00
Wisconsin Valley Division	July 1, 1920	6 %	Jan. and July	86,070.00	1,430,000.00
Chicago & Pacific Western Division	Jan. 1, 1921	5 %	Jan. and July	1,266,700.00	25,334,000.00
Wisconsin & Minnesota Division	July 1, 1921	5 %	Jan. and July	237,750.00	4,755,000.00
Chicago & Lake Superior Division	July 1, 1921	5 %	Jan. and July	68,000.00	1,360,000.00
Tacoma Eastern R. R. First Mortgage	Jan. 1, 1923	5 %	Jan. and July	....	803,000.00
Fargo & Southern Ry. Co.	Jan. 1, 1924	6 %	Jan. and July	74,880.00	1,248,000.00
European Loan of 1910	June 1, 1925	4 %	June and Dec.	523,855.50	13,076,496.42
Four per cent Gold of 1925	June 1, 1925	4 %	June and Dec.	1,404,006.32	35,100,158.24
Chicago & Missouri River Division	July 1, 1926	5 %	Jan. and July	154,150.00	3,083,000.00
Convertible Gold	June 1, 1932	4½%	June and Dec.	2,249,136.00	49,980,800.00
Bellingham & Northern Ry. First Mortgage	Dec. 1, 1932	5 %	June and Dec.	....	515,000.00
Twenty-five Year Gold	July 1, 1934	4 %	Jan. and July	1,331,440.00	33,286,000.00
Milwaukee & Northern R. R. Co. First Mortgage	June 1, 1934	4½%	June and Dec.	95,265.00	2,117,000.00
Milwaukee & Northern R. R. Co. Consolidated	June 1, 1934	4½%	June and Dec.	228,240.00	5,072,000.00
Chicago, Milwaukee & Puget Sound Ry. Co.	Jan. 1, 1949	4 %	Jan. and July	1,047,000.00	26,175,000.00
General Mortgage	May 1, 1989	4 %	Jan. and July	1,929,640.00	48,241,000.00
General Mortgage	May 1, 1989	3½%	Jan. and July	313,250.00	8,950,000.00
General Mortgage	May 1, 1989	4½%	Jan. and July	1,916,865.00	42,597,000.00
General and Refunding Mortgage	Jan. 1, 2014	4½%	Apr. and Oct.	1,939,005.00	43,089,000.00
General and Refunding Mortgage Convertible	Jan. 1, 2014	5 %	Feb. and Aug.	1,456,490.00	29,129,800.00
				$16,696,502.82	$381,961,254.66
Bonds in the Treasury of the Company as shown on pages 18 and 26					117,247,200.00
Bonds in Insurance Reserve and Sinking Funds					2,265,700.00
Total					$501,474,154.66

CHARGES TO PROPERTY INVESTMENT—ROAD & EQUIPMENT

DURING THE YEAR ENDED DECEMBER 31, 1918

Additional Equipment Purchased or Built:		
1002 Box Cars		$ 2,192,249.78
754 Gondola Cars		1,124,608.83
25 Cinder Dump Cars		19,027.35
1 Derrick Car		11,895.21
1 Coach		5,600.00
1 Water Tank Car		1,107.15
1 Stock Car		600.00
Improvements to Locomotives and Cars		708,722.10
Gross Additions and Betterments—Equipment		$ 4,063,810.42
Less original cost of equipment destroyed, sold or taken down during the year		3,152,229.96
Net Additions and Betterments—Equipment		$ 911,580.46
New Branch Lines and Extensions		241,906.58
Cost of Roads and Equipment Purchased:		16,348,378.65
Tacoma Eastern R. R.	$5,333,896.60	
Gallatin Valley Ry.	1,895,988.96	
Puget Sound & Willapa Harbor Ry.	3,294,940.64	
Seattle, Port Angeles & Western Ry.	2,488,160.84	
Bellingham & Northern Ry.	2,284,467.79	
Milwaukee Terminal Ry.	1,050,923.82	
New Additional Main Tracks and Reducing Grade and Perfecting Line		49,795.45
Other Additions and Betterments:		
Land for Transportation Purposes	$ 195,110.29	
Grading	10,511.98	
Tunnels and Subways	*13,726.55*	
Bridges, Trestles and Culverts	466,137.61	
Ties	226,879.36	
Rails	397,902.73	
Other Track Material	246,849.43	
Ballast	*165.48*	
Track Laying and Surfacing	445,861.25	
Right of Way Fences, etc.	18,591.94	
Crossings and Signs	43,087.54	
Station and Office Buildings	345,323.95	
Roadway and Miscellaneous Buildings	91,202.14	
Water and Fuel Stations	368,326.56	
Shops and Enginehouses	472,638.43	
Grain Elevators and Storage Warehouses	17,990.31	
Wharves and Docks	176.56	
Telegraph and Telephone Lines	25,463.90	
Signals and Interlockers	364,204.04	
Power Stations, Transmission Systems, etc.	1,006,254.73	
Paving and Assessments	160,259.37	
Roadway Machines and Tools	6,058.23	
Shop Machinery	189,659.53	
Miscellaneous	840,184.61	5,924,782.46
Gross Additions and Betterments—Road and Equipment		$ 23,476,443.60
Credit—Property retired or converted		18,498.03
Net Additions and Betterments—Road and Equipment		$ 23,457,945.57
Road and Equipment, December 31, 1917		$ 604,578,835.94
Road and Equipment, December 31, 1918		$ 628,036,781.51

APPENDIX

STATEMENTS AND STATISTICS

OF

OPERATION OF THE RAILROAD

BY THE

UNITED STATES RAILROAD ADMINISTRATION

LIST OF OFFICERS

H. E. BYRAM	Federal Manager	CHICAGO
D. L. BUSH	Assistant Federal Manager	CHICAGO
J. W. TAYLOR	Assistant to Federal Manager	CHICAGO
G. J. BUNTING	Federal Auditor	CHICAGO
A. G. LOOMIS	Federal Treasurer	CHICAGO
J. T. GILLICK	General Manager, Lines East	CHICAGO
H. B. EARLING	General Manager, Lines West	SEATTLE
C. F. LOWETH	Chief Engineer	CHICAGO
H. R. WARNOCK	General Superintendent Motive Power	CHICAGO
H. E. PIERPONT	Traffic Manager	CHICAGO
C. A. LAHEY	General Freight Agent	CHICAGO
G. B. HAYNES	General Passenger Agent	CHICAGO
H. H. FIELD	General Solicitor	CHICAGO
O. W. DYNES	General Attorney	CHICAGO

STATEMENTS AND STATISTICS OF GOVERNMENT OPERATIONS.

For the purpose of acquainting you with the results of operation under Federal control and in order to preserve the continuity of statistics and other information heretofore published in the Company's annual reports, there is submitted on the following pages certain tables showing earnings, expenses, etc., during the year.

It will be noted that there has been an abnormal increase in Operating Expenses, which is largely accounted for by the large increase in wages, effective as of January 1, 1918, and on various other dates throughout the year, also to the high cost of material, supplies and fuel, due to the War.

Substantial increases in freight and passenger rates were put into effect in June, 1918, but they were not sufficient to provide for the increased cost of operation. Since the signing of the Armistice every effort has been made to limit these operating expenses to those essential for the proper maintenance of the property, and to meet immediate traffic demands.

The statements and statistics shown on the following pages are the results from operation of the Chicago, Milwaukee & St. Paul Railroad by the United States Railroad Administration for the fiscal year. They are presented to give the financial, operating and statistical information similar to that furnished in previous reports, thereby preserving the uniformity of the annual reports.

DETAILED STATEMENT OF OPERATING REVENUES, EXPENSES AND INCOME.

For the Years Ended December 31, 1917 and 1918.

OPERATING REVENUES.

Transportation	1917	1918	Increase	Decrease
Freight	$ 79,957,271.48	$ 96,623,657.60	$ 16,666,386.12	
Passenger	21,329,946.47	23,492,031.40	2,162,084.93	
Excess Baggage	183,841.04	171,195.33		$ 12,645.71
Sleeping Car	1,386,630.78	1,314,765.25		71,865.53
Parlor and Chair Car	78,004.40	42,179.03		35,825.37
Mail	2,217,622.97	1,867,130.77		350,492.20
Express	3,164,464.25	3,906,130.68	741,666.43	
Other Passenger Train	93,633.87	32,939.94		60,693.93
Milk	934,140.89	1,065,321.98	131,181.09	
Switching	2,169,375.73	1,990,277.94		179,097.79
Special Service Train	30,394.62	42,791.74	12,397.12	
Total—Transportation Revenue	$111,545,326.50	$130,548,421.66	$ 19,003,095.16	
Incidental				
Dining and Buffet	$ 725,650.24	$ 724,787.60		$ 862.64
Hotel and Restaurant	3,389.91	3,618.05	$ 228.14	
Station, Train and Boat Privileges	63,078.78	68,454.89	5,376.11	
Parcel Room	3,511.37	3,085.43		425.94
Storage—Freight	56,281.66	87,805.31	31,523.65	
Storage—Baggage	26,163.87	22,267.82		3,896.05
Demurrage	582,820.11	581,581.95		1,238.16
Telegraph and Telephone	110,830.12	105,674.40		5,155.72
Stock Yard	75,232.16	188,276.49	113,044.33	
Rents of Buildings and Other Property	132,025.48	119,363.44		12,662.04
Miscellaneous	284,448.15	284,608.50	160.35	
Total—Incidental Revenue	$ 2,063,431.85	$ 2,189,523.88	$ 126,092.03	
Joint Facility				
Joint Facility—Credit	$ 130,808.00	$ 156,794.88	$ 25,986.88	
Joint Facility—Debit	*364.69*	*285.77*	78.92	
Total—Joint Facility Revenue	$ 130,443.31	$ 156,509.11	$ 26,065.80	
Total—Operating Revenues	$113,739,201.66	$132,894,454.65	$ 19,155,252.99	

OPERATING REVENUES, EXPENSES AND INCOME—Continued

OPERATING EXPENSES.

Maintenance of Way and Structures	1917	1918	Increase	Decrease
Superintendence	$ 646,416.61	$ 901,496.65	$ 255,080.04	
Roadway Maintenance	1,522,658.66	2,789,522.61	1,266,863.95	
Tunnels and Subways	3,503.76	9,772.46	6,268.70	
Bridges, Trestles and Culverts	680,260.44	941,586.51	261,326.07	
Elevated Structures	107.16			$ 107.16
Ties	1,013,482.04	1,551,598.24	538,116.20	
Rails	*172,167.92*	263,250.36	435,418.28	
Other Track Material	258,267.44	508,405.42	250,137.98	
Ballast	143,356.62	515,460.03	372,103.41	
Track Laying and Surfacing	3,506,217.78	6,450,147.91	2,943,930.13	
Right of Way Fences	98,398.95	225,995.54	127,596.59	
Snow and Sand Fences and Snowsheds	22,926.09	32,895.09	9,969.00	
Crossings and Signs	135,572.43	203,153.71	67,581.28	
Station and Office Buildings	367,171.13	528,102.66	160,931.53	
Roadway Buildings	27,007.62	55,079.56	28,071.94	
Water Stations	181,627.35	274,086.95	92,459.60	
Fuel Stations	89,881.55	135,151.22	45,269.67	
Shops and Engine-houses	359,173.43	696,105.94	336,932.51	
Storage Warehouses	126.10	122.50		3.60
Wharves and Docks	22,864.29	7,793.65		15,070.64
Coal and Ore Wharves	37,843.06	23,592.37		14,250.69
Telegraph and Telephone Lines	127,011.19	137,820.09	10,808.90	
Signals and Interlockers	273,102.62	493,076.92	219,974.30	
Power Plant Dams, Canals and Pipe Lines		122.90	122.90	
Power Plant Buildings	2,774.99	8,435.80	5,660.81	
Power Substation Buildings	468.64	622.38	153.74	
Power Transmission Systems	1,000.68	4,265.44	3,264.76	
Power Distribution Systems	81,944.74	75,277.70		6,667.04
Power Line Poles and Fixtures	14,573.92	20,810.72	6,236.80	
Underground Conduits		2.40	2.40	
Miscellaneous Structures	572.98	1,075.87	502.89	
Paving	*1,217.97*	1,305.59	2,523.56	
Roadway Machines	54,693.50	77,855.44	23,161.94	
Small Tools and Supplies	154,065.54	242,297.82	88,232.28	
Removing Snow, Ice and Sand	584,471.51	765,395.97	180,924.46	
Assessments for Public Improvements	4,031.14	5,504.59	1,473.45	
Injuries to Persons	209,988.97	232,928.66	22,939.69	
Insurance	40,919.90	48,792.49	7,872.59	
Stationery and Printing	17,859.85	32,888.21	15,028.36	
Other Expenses	1,275.48	5,860.42	4,584.94	
Maintaining Joint Tracks, Yards and Other Facilities—Dr.	591,340.38	817,933.73	226,593.35	
Maintaining Joint Tracks, Yards and Other Facilities—Cr.	*150,263.82*	*178,612.19*		28,348.37
Total—Maintenance of Way and Structures	$10,953,308.83	$18,906,980.33	$ 7,953,671.50	

OPERATING REVENUES, EXPENSES AND INCOME—Continued

Maintenance of Equipment	1917	1918	Increase	Decrease
Superintendence	$ 360,196.90	$ 645,330.34	$ 285,133.44	
Shop Machinery	337,221.11	531,558.32	194,337.21	
Power Plant Machinery	39,962.79	85,045.78	45,082.99	
Power Substation Apparatus	10,034.37	25,914.23	15,879.86	
Steam Locomotives—Repairs	8,351,370.32	13,220,689.26	4,869,318.94	
Steam Locomotives—Depreciation	434,109.16	427,609.87		$ 6,499.29
Steam Locomotives—Retirements	14,198.60	37,561.06	23,362.46	
Other Locomotives—Repairs	220,525.76	236,906.35	16,380.59	
Other Locomotives—Depreciation	77,134.23	85,208.51	8,074.28	
Freight Train Cars—Repairs	7,760,360.12	16,406,445.71	8,646,085.59	
Freight Train Cars—Depreciation	1,090,460.99	1,144,456.52	53,995.53	
Freight Train Cars—Retirements	176,577.12	183,807.35	7,230.23	
Passenger Train Cars—Repairs	1,887,135.98	3,563,363.16	1,676,227.18	
Passenger Train Cars—Depreciation	269,969.20	269,192.57		776.63
Passenger Train Cars—Retirements	7,313.64	21.01		7,292.63
Motor Equipment of Cars—Repairs	9,584.15	23,724.12	14,139.97	
Motor Equipment of Cars—Depreciation	1,934.37	1,934.59	.22	
Work Equipment—Repairs	496,683.65	701,797.00	205,113.35	
Work Equipment—Depreciation	44,219.17	43,287.20		931.97
Work Equipment—Retirements	12,722.47	1,016.23		11,706.24
Injuries to Persons	215,650.97	238,109.16	22,458.19	
Insurance	129,102.58	79,050.99		50,051.59
Stationery and Printing	24,956.52	47,511.32	22,554.80	
Other Expenses	2,754.16	2,801.02	46.86	
Maintaining Joint Equipment at Terminals—Debit	44,166.77	72,560.04	28,393.27	
Maintaining Joint Equipment of Terminals—Credit	*3,144.47*	*4,914.39*		1,769.92
Total—Maintenance of Equipment	$ 22,015,200.63	$ 38,069,987.32	$ 16,054,786.69	
Traffic				
Superintendence	$ 464,255.73	$ 433,902.72		$ 30,353.01
Outside Agencies	840,064.71	575,841.88		264,222.83
Advertising	279,453.40	79,861.83		199,591.57
Traffic Associations	31,932.54	29,981.18		1,951.36
Industrial and Immigration Bureaus	62,414.32	18,713.15		43,701.17
Insurance	44.60			44.60
Stationery and Printing	121,425.86	106,151.13		15,274.73
Other Expenses	4,372.49	204.30		4,168.19
Total—Traffic Expenses	$ 1,803,963.65	$ 1,244,656.19		$ 559,307.46

OPERATING REVENUES, EXPENSES AND INCOME—Continued

Transportation	1917	1918	Increase	Decrease
Superintendence	$ 432,179.55	$ 766,104.73	$ 333,925.18	....
Dispatching Trains	513,831.85	744,250.20	230,418.35	....
Station Employes	6,042,246.59	8,388,855.93	2,346,609.34	....
Weighing, Inspection and Demurrage Bureaus	140,088.37	170,515.45	30,427.08	....
Coal and Ore Wharves	86,815.14	84,911.25	....	$ 1,903.89
Station Supplies and Expenses	374,993.07	431,472.41	56,479.34	....
Yardmasters and Yard Clerks	408,825.76	913,481.75	504,655.99	....
Yard Conductors and Brakemen	3,052,614.18	3,756,257.67	703,643.49	....
Yard Switch and Signal Tenders	177,896.61	265,531.54	87,634.93	....
Yard Enginemen	1,765,640.01	2,299,075.28	533,435.27	....
Yard Motormen	16,007.63	23,084.57	7,076.94	....
Fuel for Yard Locomotives	2,169,952.11	2,564,385.62	394,433.51	....
Yard Switching Power Produced	233.83	....	....	233.83
Yard Switching Power Purchased	8,321.86	12,250.88	3,929.02	....
Water for Yard Locomotives	93,402.94	114,946.98	21,544.04	....
Lubricants for Yard Locomotives	31,404.07	33,632.13	2,228.06	....
Other Supplies for Yard Locomotives	43,424.80	42,806.87	....	617.93
Enginehouse Expenses—Yard	741,440.42	1,564,213.32	822,772.90	....
Yard Supplies and Expenses	24,919.95	34,238.75	9,318.80	....
Operating Joint Yards and Terminals—Debit	636,219.29	853,993.32	217,774.03	....
Operating Joint Yards and Terminals—Credit	*173,974.55*	*204,613.16*	....	30,638.61
Train Enginemen	5,033,303.04	5,641,898.67	608,595.63	....
Train Motormen	262,177.75	346,260.32	84,082.57	....
Fuel for Train Locomotives	10,466,551.60	11,722,071.21	1,255,519.61	....
Train Power Produced	49,402.15	94,580.46	45,178.31	....
Train Power Purchased	544,224.25	683,997.96	139,773.71	....
Water for Train Locomotives	506,587.92	561,644.26	55,056.34	....
Lubricants for Train Locomotives	166,505.26	157,554.62	....	8,950.64
Other Supplies for Train Locomotives	164,409.70	184,481.66	20,071.96	....
Enginehouse Expenses—Train	2,338,963.90	2,839,312.71	500,348.81	....
Trainmen	5,441,166.94	6,798,396.54	1,357,229.60	....
Train Supplies and Expenses	1,683,476.28	2,588,919.12	905,442.84	....
Operating Sleeping Cars	301,868.50	375,729.65	73,861.15	....
Signal and Interlocker Operation	283,744.57	348,761.73	65,017.16	....
Crossing Protection	245,045.68	420,502.87	175,457.19	....
Drawbridge Operation	38,180.81	49,752.27	11,571.46	....
Telegraph and Telephone Operation	100,972.52	161,571.63	60,599.11	....
Stationery and Printing	215,990.50	308,596.36	92,605.86	....
Other Expenses	88,981.99	84,058.08	....	4,923.91
Operating Joint Tracks and Facilities—Debit	266,118.16	401,743.76	135,625.60	....
Operating Joint Tracks and Facilities—Credit	*[illegible]*	*[illegible]*	....	[illegible]

OPERATING REVENUES, EXPENSES AND INCOME—Concluded.

Transportation—Concluded.	1917	1918	Increase	Decrease
Insurance	$ 43,526.59	$ 76,279.17	$ 32,752.58	....
Clearing Wrecks	224,472.30	297,094.35	72,622.05	....
Damage to Property	173,180.74	277,152.76	103,972.02	....
Damage to Live Stock on Right of Way	94,767.25	91,605.54	....	$ 3,161.71
Loss and Damage—Freight	1,552,346.57	2,363,638.12	811,291.55	....
Loss and Damage—Baggage	8,281.33	7,625.50	....	655.83
Injuries to Persons	1,317,094.67	1,161,463.53	....	155,631.14
Total—Transportation Expenses	$ 48,083,125.30	$ 60,740,934.50	$ 12,657,809.20	....
Miscellaneous Operations				
Dining and Buffet	$ 743,731.44	$ 771,880.40	$ 28,148.96	....
Hotels and Restaurants	4,188.80	13,985.20	....	$ 203.60
Stock Yards	65,758.60	156,256.06	90,497.46	....
Total—Miscellaneous Operations	$ 813,678.84	$ 932,121.66	$ 118,442.82	....
General				
Salaries and Expenses of General Officers	$ 378,308.89	$ 291,976.29	....	$ 86,332.60
Salaries and Expenses of Clerks and Attendants	968,748.85	1,769,449.92	$ 800,701.07	....
General Office Supplies and Expenses	90,856.17	83,454.78	....	7,401.39
Law Expenses	295,152.77	263,961.75	....	31,191.02
Insurance	1,295.94	119.98	....	1,175.96
Stationery and Printing	94,408.95	124,694.24	30,285.29	....
Valuation Expenses	231,774.60	399,634.53	167,859.93	....
Other Expenses	70,592.83	46,975.53	....	23,617.30
General Joint Facilities—Debit	31,936.97	48,790.31	16,853.34	....
General Joint Facilities—Credit	*883.62*	*2,235.92*	....	1,352.30
Total—General Expenses	$ 2,162,192.35	$ 3,026,821.41	$ 864,629.06	....
Transportation for Investment—Credit	$ *635,505.86*	$ *725,396.56*	....	$ 89,890.70
Total—Operating Expenses	$ 85,195,963.74	$122,196,104.85	$ 37,000,141.11	....

SUMMARY

	1917	1918	Increase	Decrease
Total Operating Revenues	$113,739,201.66	$132,894,454.65	$ 19,155,252.99	....
Total Operating Expenses	85,195,963.74	122,196,104.85	37,000,141.11	....
Net Operating Revenue	$ 28,543,237.92	$ 10,698,349.80	....	$ 17,844,888.12
Taxes Accrued	6,517,211.97	6,185,935.21	....	331,276.76
Operating Income	$ 22,026,025.95	$ 4,512,414.59	....	$ 17,513,611.36

COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES.

For the Years Ended December 31, 1917 and 1918.

OPERATING REVENUES.

	1917		1918	
	AMOUNT	PER CENT	AMOUNT	PER CENT
Freight Revenue	$ 79,957,271.48	70.30	$ 96,623,657.60	72.71
Passenger Revenue	21,329,946.47	18.76	23,492,031.40	17.67
Other Transportation Revenue	10,258,108.55	9.02	10,432,732.66	7.85
Incidental Revenue	2,063,431.85	1.82	2,189,523.88	1.65
Joint Facility Revenue	130,443.31	.10	156,509.11	.12
Total Operating Revenues	$ 113,739,201.66	100.00	$ 132,894,454.65	100.00

OPERATING EXPENSES.

	1917 Amount	1917 Per Cent	1918 Amount	1918 Per Cent
Maintenance of Way and Structures	$ 10,953,308.83	9.63	$ 18,906,980.33	14.23
Maintenance of Equipment	22,015,200.63	19.36	38,069,987.32	28.65
Traffic Expenses	1,803,963.65	1.58	1,244,656.19	.94
Transportation Expenses	48,083,125.30	42.28	60,740,934.50	45.70
Miscellaneous Operations	813,678.84	.71	932,121.66	.70
General Expenses	2,162,192.35	1.90	3,026,821.41	2.28
Transportation for Investment—Credit	*635,505.86*	*.56*	*725,396.56*	*.55*
Operating Expenses	$ 85,195,963.74	74.90	$ 122,196,104.85	91.95

RECAPITULATION.

	1917 Amount	1917 Per Cent	1918 Amount	1918 Per Cent
Operating Revenues	$ 113,739,201.66	100.00	$ 132,894,454.65	100.00
Operating Expenses	85,195,963.74	74.90	122,196,104.85	91.95
Net Operating Revenue	$ 28,543,237.92	25.10	$ 10,698,349.80	8.05
Average miles in operation during the year, including miles of main track used under contracts	10,256.53	....	10,302.89	....

COMPARATIVE SUMMARY OF OPERATION

For the Years Ended December 31, 1917 and 1918

	1917	1918	Increase	Decrease
Operating Revenues	$113,739,201.66	$132,894,454.65	$ 19,155,252.99	....
Operating Expenses	85,195,963.74	122,196,104.85	37,000,141.11	....
Net Operating Revenue	$ 28,543,237.92	$ 10,698,349.80	....	$ 17,844,888.12
Freight Revenue per mile of road	$ 7,795.74	$ 9,378.30	$ 1,582.56	....
Passenger Revenue per mile of road	2,079.65	2,280.14	200.49	....
Miscellaneous Revenues per mile of road	1,214.05	1,240.31	26.26	....
Operating Revenues per mile of road	$ 11,089,44	$ 12,898.75	$ 1,809.31	....
Operating Expenses per mile of road	8,306.51	11,860.37	3,553,86	....
Net Operating Revenue per mile of road	$ 2,782.93	$ 1,038.38	....	$ 1,744.55
Average miles in operation during the year, including miles of main track under contracts	10,256.53	10,302.89	46.36	....

OPERATING REVENUES, EXPENSES AND TAXES—MONTHLY

YEAR ENDED DECEMBER 31, 1918.

MONTH	OPERATING REVENUES	OPERATING EXPENSES	NET OPERATING REVENUE	TAXES ACCRUED	OPERATING INCOME
January.........1918	$ 7,492,518.91	$ 7,583,683.00	*$ 91,164.09	$ 510,905.80	*$ 602,069.89
February......... "	7,322,765.99	7,789,193.59	* 466,427.60	521,795.99	* 988,223.59
March......... "	9,925,214.98	7,947,992.09	1,977,222.89	516,348.37	1,460,874.52
April......... "	10,038,004.53	8,760,937.41	1,277,067.12	516,348.37	760,718.75
May......... "	9,676,132.61	8,560,942.88	1,115,189.73	516,348.37	598,841.36
June......... "	10,617,493.44	13,171,888.32	* 2,554,394.88	516,348.37	* 3,070,743.25
July......... "	12,599,857.91	9,854,675.35	2,745,182.56	514,554.70	2,230,627.86
August......... "	13,308,110.48	9,775,117.95	3,532,992.53	514,554.70	3,018,437.83
September......... "	13,392,215.86	10,811,855.05	2,580,360.81	514,810.57	2,065,550.24
October......... "	14,616,212.27	14,468,707.55	147,504.72	514,639.99	* 367,135.27
November......... "	11,571,382.77	10,921,109.04	650,273.73	514,639.99	135,633.74
December......... "	12,334,544.90	12,550,002.62	* 215,457.72	514,639.99	* 730,097.71
Total.........	$132,894,454.65	$122,196,104.85	$ 10,698,349.80	$ 6,185,935.21	$ 4,512,414.59

*Deficit.

TRANSPORTATION STATISTICS

FOR THE YEARS ENDED DECEMBER 31, 1917 AND 1918.

	1917	1918
Miles run by freight trains	20,959,947	19,847,202
Miles run by passenger trains...............	18,166,288	14,975,773
Miles run by mixed trains..................	1,595,799	1,623,511
Total miles run by revenue trains...........	40,722,034	36,446,486
Miles run by loaded freight cars............	525,792,181	502,500,182
Miles run by empty freight cars.............	182,489,099	210,726,952
Total miles run by freight cars.............	708,281,280	713,227,134
Freight revenue............................	$79,957,271.48	$96,623,657.60
Tons of revenue freight carried.............	38,444,353	40,307,047
Tons of revenue freight carried one mile.....	10,545,443,466	11,504,301,469
Tons of Company freight carried one mile....	1,479,690,429	1,371,824,385
Tons of all freight carried one mile..........	12,025,133,895	12,876,125,854
Tons of revenue freight per freight and mixed train mile..............................	467.53	535.81
Tons of Company freight per freight and mixed train mile..............................	65.60	63.89
Total tons of freight per freight and mixed train mile..............................	533.13	599.70
Average revenue per ton of revenue freight per mile..............................	.7582 ct.	.8399 ct.
Average distance haul of each ton of revenue freight—miles..........................	274.30	285.42
Average amount received per ton of revenue freight..............................	$2.0797	$2.3972
Average revenue from freight per freight and mixed train mile......................	$3.5449	$4.5002
Tons of revenue freight per loaded car.......	20.056	22.894
Tons of Company freight per loaded car......	2.814	2.730
Total tons of freight per loaded car.........	22.870	25.624
Average number of loaded freight cars per train..............................	23.311	23.404
Average number of empty freight cars per train..............................	8.090	9.815
Average number of freight cars per train.....	31.401	33.219
Passenger Revenue.........................	$21,329,946.47	$23,492,031.40
Passengers carried.........................	15,484,374	13,175,371
Passengers carried one mile................	980,728,974	885,254,305
Passengers carried per passenger and mixed train mile..............................	49.63	53.33
Average revenue per passenger per mile......	2.174 cts.	2.654 cts.
Average distance traveled by each passenger —miles..............................	63.34	67.19
Average amount received per passenger......	$1.3775	$1.7830
Average revenue from passengers per passenger and mixed train mile...............	$1.0793	$1.4152
Operating expenses per revenue train mile....	$2.0921	$3.3513

STATEMENT OF COMMODITIES TRANSPORTED

During the Years Ended December 31, 1917 and 1918.

Commodities	1917		1918	
	Tons	Per Cent	Tons	Per Cent
Products of Agriculture:				
Grain	4,079,581	10.612	5,069,525	12.577
Flour	1,049,285	2.729	847,621	2.103
Other Mill Products	477,840	1.243	427,856	1.062
Hay	246,183	.640	261,254	.648
Tobacco	46,253	.120	51,002	.127
Cotton	28,249	.074	35,222	.087
Fruit and Vegetables	759,785	1.976	722,253	1.792
Other Products of Agriculture	322,746	.840	342,962	.851
Total	7,009,902	18.234	7,757,695	19.247
Products of Animals:				
Live Stock	1,452,407	3.778	1,726,649	4.284
Dressed Meats	209,906	.546	356,882	.885
Other Packing House Products	90,710	.236	86,338	.214
Poultry, Game and Fish	67,330	.175	74,507	.185
Wool	11,862	.031	10,317	.026
Hides and Leather	79,794	.208	103,425	.256
Other Products of Animals	257,670	.670	274,845	.682
Total	2,169,679	5.644	2,632,963	6.532
Products of Mines:				
Anthracite Coal	895,999	2.331	507,558	1.259
Bituminous Coal	4,988,257	12.975	6,297,184	15.623
Coke	323,854	.842	456,639	1.133
Ores	3,025,128	7.869	3,171,276	7.868
Stone, Sand and Other Like Articles	2,239,313	5.825	1,864,508	4.626
Other Products of Mines	242,824	.632	253,095	.628
Total	11,715,375	30.474	12,550,260	31.137
Products of Forests:				
Lumber	5,677,991	14.769	5,688,882	14.114
Other Products of Forests	752,366	1.957	675,551	1.676
Total	6,430,357	16.726	6,364,433	15.790
Manufactures:				
Petroleum and Other Oils	747,148	1.943	840,178	2.084
Sugar	141,357	.368	123,394	.306
Naval Stores	13,268	.035	10,311	.026
Iron, Pig and Bloom	507,417	1.320	566,545	1.406
Iron and Steel Rails	81,104	.211	208,725	.518
Other Castings and Machinery	545,646	1.419	617,325	1.532
Bar and Sheet Metal	635,689	1.654	871,669	2.162
Cement, Brick and Lime	1,577,954	4.105	1,162,229	2.883
Agricultural Implements	270,686	.704	292,645	.726
Wagons, Carriages, Tools, etc.	256,169	.666	207,272	.514
Wines, Liquors and Beers	496,497	1.291	350,170	.869
Household Goods and Furniture	169,735	.441	177,865	.441
Other Manufactures	1,522,988	3.962	1,582,761	3.927
Total	6,965,658	18.119	7,011,089	17.394
Commodities not Specified	4,153,382	10.803	3,990,607	9.900
Grand Total	38,444,353	100.000	40,307,047	100.000

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