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Analysis of the Passenger Revenues and Expenses
of

The Central Railroad Company of New Jersey

1961

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Edwards and Peabody
Transportation Consultants

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Ed Thomas Affidavit

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June 21, 1962

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Mr. H. A. Thomas, Jr., Director
Division of Railroad Transportation
State Highway Department
State of New Jersey

Dear Mr. Thomas:

In response to the request of your office there has been undertaken and completed a study of the 1961 passenger revenues and expenses of The Central Railroad Company of New Jersey. This study was directed to the following subject matters:

1. The adequacy of The Central Railroad Company of New Jersey's separation of revenues and expenses between the freight and passenger services.
2. The restatement of the passenger revenues and the passenger net railway operating income (passenger deficits) to reflect adjustments made to the freight-passenger separations.
3. The effect of eliminating passenger revenues and expenses associated with passenger operations conducted wholly outside the State of New Jersey.

The results of this study and analysis are presented in the attached Report.

Mr. Kenneth Cole, Transportation Consultant, was associated with us in the preparation of this study. During the course of the investigation it was necessary to assemble and analyze extensive accounting and statistical data of The Central Railroad Company of New Jersey. All departments of the railroad cooperated fully in furnishing the requested information.

Respectfully,

Ford K. Edwards
Leroy E. Peabody, Jr.

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ANALYSIS OF THE PASSENGER REVENUES AND EXPENSES OF
THE CENTRAL RAILROAD COMPANY OF NEW JERSEY,
1961

The purpose of this study is to analyze and adjust The Central Railroad Company of New Jersey's separation of its revenues and expenses as between its passenger and freight services as found necessary to a determination of the passenger service revenues and costs attributable to operations in the State of New Jersey, including those New Jersey train operations extending to Allentown, Pennsylvania.

I. SUMMARY

This study reviews the assignment of The Central Railroad Company of New Jersey ^{1/} expenses, including the direct freight, direct passenger and the apportioned expenses, freight and passenger. The analyses went to the carrier's initial expense assignments based on original source records and documents. This was followed by an appraisal of the adequacy of the apportionment factors applied under the Interstate

1/ Referred to hereinafter as the Jersey Central.

Commerce Commission's "Rules Governing the Separation of Operating Expenses, Railway Taxes, Equipment Rents, and Joint Facility Rents Between Freight Service and Passenger Service."

Where the assignment or apportionment of any significant volume of expenses was found questionable, as bears on a proper showing of the assigned and apportioned passenger costs, the appropriate factors were developed from the carrier records or special studies and the needed accounting adjustments made.

The procedures followed and the determinations made herein are set out in the various sections to this report. The final results of this study are summarized in Table 1 below. These figures reflect the adjustments made to the railroad's freight-passenger separations and the exclusion of the revenues and expenses attributable to the railroad's head-end trains operating wholly outside of the State of New Jersey.

Table 1 - Passenger Revenues and Expenses of The Central Railroad Company of New Jersey as Reported and as Revised for the Freight-Passenger Separations and Exclusion of the Head-End Trains Operating in Pennsylvania, 1961

<u>Item</u> <u>(1)</u>	<u>System Revenues and Expenses</u> <u>As Reported</u> ^{1/} <u>(2)</u>	<u>As</u> ^{2/} <u>Revised</u> <u>(3)</u>	<u>Change</u> ^{2/} <u>(4)</u>
1. Operating Revenues	\$ 9,766,341	\$ 9,224,978 (-)	\$541,363
2. Operating Expenses	12,826,896	12,028,646 (-)	798,250
3. Railway Tax Accruals	1,729,663	1,617,083 (-)	112,580
4. Net Rents	(-) 163,535	(-) 143,179 (-)	20,356
5. Total Operating Expenses, Taxes & Rents	\$14,720,094	\$13,788,908 (-)	\$931,186
6. Net Railway Operating Deficit-Passenger	\$ 4,953,753	\$ 4,563,930 (-)	\$389,823

1/ Jersey Central Annual Report to the I.C.C., 1961.

2/ See Appendix A hereto for the adjustments by individual accounts.

As shown in Table 1 the passenger deficit decreased by \$389,823. The overwhelming part of this reduction was due to the revisions in the freight-passenger separation, as the net railway operating income of the head-end trains was only \$2,629. The details of the revenues and expenses attributable to the operations of the head-end trains are set out in Section II, Table 7.

The results of the revisions in the basic separation of revenues and expenses for the Jersey Central occasioned solely by the adjustments to the freight-passenger separation are set out in Table 2 below. The major adjustments made are discussed in Section II to follow.

Table 2 - Passenger Revenues and Expenses of The Central Railroad Company of New Jersey as Reported and as Revised for the Freight-Passenger Separations, 1961

<u>Item</u> (1)	System Revenues and Expenses		<u>1/</u>	As <u>Revised</u> <u>2/</u>	<u>Change.</u> (4)
	<u>As Reported</u>	(2)		(3)	
1. Operating Revenues	\$ 9,766,341			\$ 9,788,637 (✓)	\$ 22,296
2. Operating Expenses	12,826,896			12,497,068 (-)	329,828
3. Railway Tax Accruals	1,729,663			1,680,086 (-)	49,577
4. Net Rents	(-) 163,535			(-) 172,784 (✓)	9,249
5. Total Operating Expenses, Taxes & Rents	\$14,720,094			\$14,349,938 (-)	\$370,156
6. Net Railway Operating Deficit-Passenger	\$ 4,953,753			\$ 4,561,301 (-)	\$392,452

1/ Jersey Central Annual Report to the I.C.C., 1961.

2/ Underlying work papers.

The reduction in the passenger deficit due to the adjustments in the freight-passenger separations was \$392,452. The adjustment here made in the passenger service revenues was minor, amounting to an increase of \$22,296. This change arose from a redistribution of rental charges at Jersey City as explained in Section VI. The major adjustments to the expenses are set out in Section II to follow. The more significant dollar amounts and the basis for the adjustments are listed below:

<u>Item</u>	<u>Revised Basis of Apportionment</u>	<u>Adjustment (000)</u>
<u>Expenses</u>		
1. Track Expenses	Revised Gross Ton-Miles	Decr: \$ 21
2. Roadway Depreciation	Revised Gross Ton-Miles	" 11
3. Locomotive Repairs and Depreciation	Revised Apportionments on Locomotive Unit-Miles	" 116
4. Station Employees	Analysis of Work Per- formed	" 37
5. Joint Facilities- New York and Long Branch	Refined Apportionments	" 70
6. General	Effect of direct adjust- ments	" 9
7. Taxes	Direct Income Tax Assign- ment and Effects of Direct Adjustments	" 50
8. Total Expenses- Above Items		" <u>\$314</u>
9. Revenues	Revised Assignment of Rental Income	Incr \$ 22
10. Net Effect on Passenger Deficit (Lines 8-9)		Decr \$336
11. All Other Items		" <u>56</u>
12. Total (Lines 10 + 11)		" <u>\$392</u> <u>1/</u>

1/ Reconciliation with Table 2, Col (4).

The above listed adjustments accounted for \$336 thousand or 86 percent of the total reduction in the passenger deficit of \$392 thousand.

II. MAJOR ELEMENTS OCCASIONING REVISION IN THE PASSENGER DEFICITS

Five elements are responsible for a major portion of the adjustments in the Jersey Central passenger expenses.

These factors are:

1. The use of corrected gross ton-miles in the freight-passenger separation of the maintenance of common trackage on the Jersey Central's lines.

2. Separation between freight and passenger of the New York and Long Branch joint facilities expenses on the bases of the Jersey Central's use of the respective facilities.

3. Corrected assignment of repairs and depreciation to certain locomotive series to reflect the 1961 use of the equipment in freight and passenger service, respectively.

4. Adjustment in the separation of station employees between freight and passenger as a result of staff changes, applicable in 1961.

5. Exclusion of the revenues and expenses of head-end passenger trains operating wholly in Pennsylvania.

The overhead accounts and taxes are affected by the above adjustments as they necessarily follow changes in the distribution of the expenses which are directly assigned or apportioned. Although a large number of individual adjustments were made in making the freight-passenger expense separations, most of the dollar revisions lie in the five areas as described in the pages to follow.

1. Use of Corrected Gross Ton-Miles in the Freight-Passenger Separation of the Maintenance of Common Trackage on the Jersey Central Lines.

The separation of the maintenance of track facilities used in common by both freight and passenger trains is based on the distribution of the gross ton-miles for each service over the common trackage. The Jersey Central made such a distribution on the basis of its total system gross ton-miles for freight and passenger service. This incorrectly included the gross ton-miles of freight trains on Jersey Central branches solely related to freight service. It also incorrectly included Jersey Central gross ton-miles over the New York and Long Branch Railroad (referred to elsewhere herein as the NY&LB) which is predominately a passenger operation.

Corrected gross ton-miles were used to apportion the maintenance of way expenses for common tracks of the Jersey Central. The revised gross ton-miles excluded the freight movement on the solely-related Jersey Central freight branches and the Jersey Central movement on the NY&LB. On the other hand they included the gross ton-miles of certain transfer runs between Jersey City, Elizabethport and Newark, which had been omitted from the system gross ton-miles. The resulting changes in the passenger and freight expense distribution are shown below:

Table 3 - Redistribution of Maintenance Expenses,
Accounts 202-21, For Common Trackage,
Jersey Central Lines, 1961

<u>Item</u> (1)	<u>Percent Distribution</u>	
	<u>Freight</u> (2)	<u>Passenger</u> (3)
1. As applied by the Jersey Central	82.17	17.83
2. As restated	83.81	16.19

The restated figures show a decrease in the passenger proportion of Accounts 202-21 of 1.64 percentage points, or a 9.2 percent reduction from the figures as originally applied. The dollar decrease for Accounts 202-21 amounted to \$20,984 in 1961. The various overhead accounts which follow these direct charges would be reduced in proportion.

2. New York and Long Branch Railroad

The NY&LB consists of a two-track line beginning just north of South Amboy and ending at Bay Head Junction, a distance of some 38 miles. It is jointly owned by the Jersey Central and the Pennsylvania Railroad. Both lines operate passenger and freight service over it and all expenses other than the operation of the trains are incurred by the NY&LB. All charges incurred by the NY&LB are billed to the Jersey Central and the Pennsylvania

on the basis of the contributive earnings of each road from the freight, passenger and other traffic handled over the NY&LB.

The Jersey Central portion of the charges (43%) are billed this road through the appropriate joint facility accounts. The NY&LB records its expenses by the I.C.C. primary accounts separated among freight, passenger and common charges. Charges to the maintenance of way and structures group of accounts are billed the parent roads through Account 278.

In the restatement herein of the joint facility accounts, the Jersey Central's proportion of the expenses charged to each primary account of the NY&LB (43%) is either directly assigned or apportioned between freight and passenger, as provided in the I.C.C. rules. This assignment or apportionment is based on the use made of the given facilities by the Jersey Central. Maintenance expenses for track facilities solely related to either passenger or freight operations were directly assigned. Such amounts were small. Those expenses associated with common tracks were apportioned on the basis of the Jersey Central freight and passenger gross ton-miles over the NY&LB. Jersey Central's share of the expenses for signal maintenance, crossing protection, etc., were apportioned

between freight and passenger based on the Jersey Central's train-hours for each service, respectively, operated on the NY&LB.

The gross ton-mile and train-hour data for the Jersey Central's operations on the NY&LB are not regularly compiled. The necessary data were assembled by special seven-day studies employing the seven-day sampling procedures used by the Interstate Commerce Commission in its periodic train performance studies. The procedures used are further explained in Appendix G hereto. The results of such train studies are set out below:

Table 4 - Separation Between Freight and Passenger of
Jersey Central Gross Ton-Miles and Train-Hours
on NY&LB

<u>Item</u> (1)	<u>Percent Distribution</u>	
	<u>Freight</u> (2)	<u>Passenger</u> (3)
1. Gross ton-miles	24.29	75.71
2. Train-hours	38.96	61.04

The above factors were used to distribute maintenance of way expenses and signal, interlocker and crossing protection charges, respectively, as provided under the I.C.C. rules.

Station employee charges on the NY&LB, Account 373, could be directly assigned to freight or passenger in most instances. The few employees who perform both freight and passenger work were apportioned on the basis of the directly assigned employee expenses following the I.C.C. rules. On-the-spot visits indicated that the activities of these latter employees were primarily passenger and that the apportionments made were reasonably related to the character of work done.

Other charges which are distributed as overheads or prorated on other accounts were handled in accordance with the I.C.C. rules. There are a few accounts, such as enginehouses and train supplies, where the charges are not billed through joint facility accounts. These charges were included in the Jersey Central's system figures and apportioned with the balance of the Jersey Central system expense. The amount involved in these last accounts was less than \$4,000.

3. Locomotive Repairs and Depreciation

The Jersey Central maintains a record of locomotive repairs by type of locomotive which are identified by series numbers. Materials and other billed items (i.e., voucher charges) are assigned to freight and passenger

depending upon the service in which the locomotive is employed. The labor portion of the charges for the 50-70 Series and the 1600 Series locomotives were assigned wholly to the freight service where this equipment was used. The labor for the 2400 Series locomotives was assigned wholly to the passenger services where this equipment was primarily used.

The 1961 charges to Series 1000, 1200, 1500 and 1700 locomotives were apportioned between freight and passenger based on the unit-miles run by each series in the respective services in 1961. Some locomotive repair charges, a small percent of the total, were not identified by the specific locomotive series. The Jersey Central separated these expenses between freight and passenger service on the basis of the unit-miles run by the 1500 Series, this series being used in all operations.

In the revision made of locomotive repairs, the labor and material charges for the 2400 Series locomotives totalling \$234,252 were apportioned between freight and passenger on the basis of the 1961 locomotive unit-miles of this locomotive series in each service. The unidentified locomotive repair expenses totalling \$144,958 were apportioned 28.75 percent to passenger and 71.25 percent to freight, based on the 1961 unit-miles operated by all types

of locomotives. (See I.C.C. rules governing freight-passenger separations, Rule 121.24.)

The results of this revision are shown below:

Table 5 - Revision in Separation of Locomotive Repair Expenses Between Freight and Passenger

<u>Item</u>	<u>Freight</u>	<u>Passenger</u>	<u>Total</u>
Annual Report	\$2,116,164	\$752,810	\$2,868,974
Revised	2,205,427	663,547	2,868,974
Adjustment	Incr. 89,263	Decr. 89,263	-

The effect of the above revision was to reduce passenger expenses by \$89,263.

The adjustments for locomotive depreciation were limited to the 2400 Series. The Jersey Central here assigned all depreciation charges on the 2400 Series locomotive to passenger service. The revised figures distribute the depreciation charges for this series on the basis of the locomotive unit-miles run in 1961; i.e., 82.64 percent passenger service and 17.36 percent freight. The effect of this revision is as follows:

Table 6 - Revision in the Separation of Locomotive Depreciation Charges Between Freight and Passenger

<u>Item</u>	<u>Freight</u>	<u>Passenger</u>	<u>Total</u>
Annual Report	\$744,565	\$370,180	\$1,114,745
Revised	771,349	343,396	1,114,745
Adjustment	Incr. 26,784	Decr. 26,784	-

The revision in the treatment of locomotive depreciation resulted in a reduction in passenger expenses of \$26,784.

4. Station Employees

The expenses in Account 373, station-employees, are maintained by individual stations. The stations are classified into three groups for the purpose of the freight-passenger separations, i.e., the 100 percent freight stations, the 100 percent passenger stations, and the stations handling both freight and passenger business. The assignment of the expenses to the freight and passenger services is based on periodic analyses, the most recent of which was made in April 1959.

For the purposes of the present 1961 inquiry, visits were made to a number of stations where both freight and passenger work was being performed by the staff. It was

found that certain revisions in the current freight-passenger separations were necessary as a result of changes in work forces and the consolidation of stations. The station payrolls were obtained for October 1961 at all stations where revisions were found necessary, along with the identification of the individual positions.

The resulting percentage distribution between freight and passenger service of these payrolls was applied to the 1961 annual charges at the respective stations. The effect of the above revision was to reduce the expenses assigned to passenger service by \$35,247. The charges assigned to freight service were increased by \$22,294; and the common charges to Account 452, salaries and expenses of clerks and attendants, were increased by \$12,953. These latter charges were further apportioned between freight and passenger service.

5. Head-End Trains Operating Wholly Outside the State of New Jersey

The revenues and expenses assigned and apportioned to the head-end passenger trains jointly operated by the Reading and Jersey Central between Philadelphia and Scranton, Pennsylvania, were excluded from the determination of the Jersey Central's passenger deficits. These trains handle mail and

express traffic in each direction six days per week. The passenger expenses here eliminated from consideration were, insofar as ascertainable, based on the total revenues and total operating expenses, rents and taxes assignable or apportionable to these trains under the I.C.C. rules for the freight-passenger separations. The concept of avoidable costs was not employed.

The revenues and expenses attributable to the operations of this head-end service are set out in Table 7 below:

Table 7 - Revenues and Expenses of Head-End Trains Operating
Wholly Outside the State of New Jersey, 1961

<u>Item</u> (1)	<u>Amount</u> (2)
1. Operating revenues	<u>\$563,659</u>
2. Operating expenses	\$468,422
3. Railway tax accruals	63,003
4. Net rents	<u>29,605</u>
5. Total operating expenses, taxes and rents	<u>\$561,030</u>
6. Net railway operating income (L. 1 minus L. 5)	\$ 2,629

The operating revenues here consist of the mail and express revenues. The mail revenues of \$355,083 are the actual revenues for the year 1961. The express revenues of \$208,576 are the actual figures for the period from September 1, 1961 through April 30, 1962 expanded.

to a full 12 month period.^{1/} The expenses for train crews and equipment were developed for test periods and expanded to an annual figure. The charges for station employees were based on 1961 payrolls. Direct charges were developed for the following accounts:

<u>Account</u>	<u>Title</u>
311	Other Locomotive-Repairs
317	Passenger-Train Car-Repairs
331	Depreciation Locomotives
331	Depreciation Passenger-Train Cars
373	Station Employees
392	Train Enginemen
394	Train Fuel
398	Lubricants for Train Locomotives
399	Other Supplies for Train Locomotives
400	Enginehouse Expenses - Train
401	Trainmen
402	Train Supplies and Expenses
504	Rent from Locomotives
505	Rent from Passenger-Train Cars
537	Rent for Locomotives
538	Rent for Passenger-Train Cars

The annual total of the direct charges for the above accounts amounted to \$358,508 or 64 percent of the total expense of \$561,030 for the operation of these trains (Table 7, line 5). Maintenance of the track facilities was based

^{1/} The 8-month test period represented that for which revenue data were directly available without recourse to car-foot-mile estimates.

on the gross ton-miles of these trains in 1961 developed by special study. The signal maintenance and operation, crossing protection and drawbridge operation were based on train-hours also developed by special study. The balance of the expenses assigned to these trains were treated as overheads or followed statistical apportionments similar to those used in the basic freight-passenger separations.

III. JERSEY CENTRAL PROCEDURES IN ACCUMULATING AND
DISTRIBUTING LABOR, MATERIALS AND OTHER CHARGES
TO PRIMARY ACCOUNTS SEPARATED AMONG FREIGHT,
PASSENGER AND COMMON

The explanation of the expense separations starts with the basic distribution of the labor and material charges to the primary accounts separated among those charges directly associated with the freight service, those directly associated with passenger service and the undivided (common) charges which are related to both services. These latter expenses are distributed to freight and passenger services on statistical prorates, a subject treated in Section V hereto.

The major labor and material groups are listed and discussed in the following order.

1. Labor

- a. Maintenance of way and structures.
 - (1) Section forces.
 - (2) Bridge and building forces.
- b. Signals.
- c. Telephone and telegraph and communications.
- d. Maintenance of equipment.
- e. Train and engine crews.
- f. Work train service.
- g. Station forces.
- h. Marine and lighterage.

2. Materials and Supplies

- a. Maintenance of way materials.
- b. Signal materials.
- c. Stores materials.
- d. Stationery and printing.
- e. Diesel fuel.

3. Voucher Charges

- a. Joint facility charges.
- b. Outside bills.

Labor Forces - Maintenance of Way, Signal and Communications

The charges for these forces are maintained separately for the Central Division (including the Southern Division) and the Pennsylvania Division. The Central Division extends from the Pennsylvania border to Jersey City and south from Elizabethport to Perth Amboy, including all branches extending from the main line. The Southern Division covers the lines south of Perth Amboy but excludes the NY&LB. The Pennsylvania Division includes all lines within the State of Pennsylvania

Section forces are primarily engaged in the maintenance of road and track facilities. The major part of these charges are assigned or apportioned to Account 220, track laying and surfacing. The greater part of the Bridge and Building (B&B) crew expenses are attributable to Account 227, station and office building, with significant amounts charged to wharves and docks, Accounts 241 and 243. The majority of the charges for signal labor is assigned or

apportioned to Account 249, maintenance of signals and interlockers. The charges for communication labor are charged primarily to Accounts 247 and 407, maintenance and operation of communications systems, respectively.

Each foreman submits a semi-monthly report showing the number of hours worked and the location and type of work done. The timekeeper assigns these hours to the appropriate primary account based on the type of work done. He further assigns the hours to freight, passenger or common, based on the location of the work performed.

The hours worked, assigned as indicated above, are accumulated monthly and priced at the average hourly wage rate also computed monthly. The payroll is kept by roll numbers which indicate categories of employment including supervision. In computing the average hourly rate the following charges are excluded: supervision, construction (capital charges), and OC&I expenses (other company and individual charges not assigned to primary accounts as they are billed). Gatemen are also excluded in computing the hourly rate for section gangs.

The labor charges for the B&B forces were directly assigned, as explained above, for the entire year 1961. In the case of Section, Signal and Communications forces a direct distribution was made to the primary account during the first six months of 1961. However, during the second

half of 1961 the results of a test period were employed to distribute these labor charges. Excluded from the Section force expense distribution were charges such as snow removal, tie and track laying programs, construction and OC&I charges. The latter two groups were also excluded for Signal and Communications employees. These excluded items were directly assigned. The test period used for Section forces consisted of April, May and June of 1961 while the period May through October 1960 was used for Signal and Communication workers. The adequacy of the test periods currently used is discussed in Section IV.

The labor charges as thus separated are entered in the Jersey Central so-called "ABC Sheets" which constitute a summary of system labor and material charges by primary accounts separated among freight, passenger and undivided. These expenses as thus summarized are then transferred to the Journal for accumulation with voucher charges covering depreciation and direct billing.

Maintenance of Equipment Employees

The maintenance of equipment labor forces consist primarily of the employees in shops and enginehouses. The majority of the charges are assigned or apportioned to the following accounts:

Account 311, Locomotive repairs
Account 314, Freight-train car repairs
Account 317, Passenger-train car repairs
Accounts 388 & 400, Enginehouse expenses, yard and road
Account 402, Train supplies and expenses

The expenses for locomotive repairs are directly assigned except at a few minor repair locations. These locomotive repairs made at the Communipaw, Elizabethport and Bethlehem engine terminals are assigned direct. The charges are maintained by locomotive series while the programmed (heavy) repairs are maintained by individual locomotives. The locomotive repairs are increased to allow for shop overhead expenses.

Shop expenses at the larger car and locomotive shops which cannot be directly assigned are prorated as overheads on the direct labor assignments. These overhead shop expenses include labor, power plant charges, materials, crane operations, electrical costs, etc. These overhead shop expenses are accumulated monthly at each location and applied as an overhead to the direct labor charges at each point. No shop overhead is added when the work is done outside of the company shops. At the smaller car and engine points all charges, including the shop overheads, are distributed on the basis of test studies. A review and appraisal of these tests is made in the following Section IV.

The repair expenses at the Elizabethport freight and passenger car shops are directly assigned to the primary accounts and separated among freight, passenger and common. At all other car servicing points test periods are used to distribute the expenses to the primary accounts and to make the further separation among freight, passenger and common. These points are listed in Appendix E.

For the months of January through October 1961, the distribution of the labor charges at the car servicing points shown in Appendix E was based on one-week tests conducted June 12-18, 1960. These tests were separately conducted at each point and the results applied to the payroll at such points. A similar test period, August 27-September 2, 1961, was used to distribute the expenses for November and December 1961. These tests will be discussed later herein.

As can be seen from Appendix E, most of the car servicing points are either wholly freight or wholly passenger. The greater part of the expenses are assigned to Account 314, freight-train car repairs, or Account 402, train supplies and expenses, freight or passenger. At these car servicing points the passenger expenses are a relatively minor part of the Account 402 charges.

As noted above, the expenses for locomotive repairs, Account 311, incurred at the Communipaw, Elizabethport and

Bethlehem shops are directly assigned by type of locomotive. All other charges at Elizabethport and Bethlehem are directly assigned by primary accounts.

At Communipaw, however, test bases were used for the assignment of most of the 1961 maintenance of equipment expenses (other than Account 311) to the primary accounts. In January 1961 all expenses at Communipaw were directly assigned by primary accounts with the further separation of each account among freight, passenger and common. A 5-month test period, July through November 1960, was applied in distributing expenses for the months of February through October 1961. A one-week test period, October 22-28, 1961, was applied in distributing expenses during November and December 1961.

The labor charges at the small engine terminal points were distributed on the basis of tests made for the same periods as used for the car-servicing points. The greater part of these expenses are assigned to Account 311, locomotive repairs, and Account 400, enginehouse expenses. The expenses for other groups of employees under Maintenance of Equipment are directly assigned. These groups are identified in Appendix E.

The charges for enginehouse expenses are initially assigned to Account 400 based on direct assignments or the

test studies referred to above. These Account 400 charges at each individual point are further separated between yard and road, Accounts 388 and 400, respectively. This distribution is made monthly based on the count of engines dispatched at each location.

The maintenance of equipment stores charges are assigned to primary accounts where applicable, but the great bulk of these expenses are carried into general stores expenses and distributed as an overhead to material charges.

The expenses by primary accounts for the above maintenance of equipment forces are summarized on the "ABC Sheets" and transferred to the Journal. In the case of locomotive repair expenses, a tabulation is made of these charges by type of locomotive for further separation based on unit-miles.

Train and Engine Crews

The wages of train and engine crews are directly assigned to freight or passenger service. The daily time cards are maintained separately for road and yard crews and separately for engineers and firemen and conductors and brakemen. These time cards show the class of service, run number and division, etc. This information is key punched for the IBM tabulation of payrolls. These payrolls are

summarized twice each month by divisions separately for train and engine crews. The wages are further separated among passenger and freight and yard and road.

The respective freight and passenger charges are summarized monthly by primary accounts and by divisions (Central and Pennsylvania). There are no mixed trains or common wages for these employees. These charges are assignable to the yard and road crew accounts as follows:

Account 378, Yard conductors and brakemen
Account 380, Yard enginemen
Account 392, Train enginemen
Account 401, Trainmen

There are some charges to other accounts but the amount involved is very minor. Thus the compensation of a conductor acting as a flagman in connection with roadway maintenance would be charged to Account 202.

Maintenance and Lighterage Labor

The expenses included in the marine and lighterage labor group include employees at the Liberty Street ferry dock, tugboat crews, ferry crews, Dock 11 lighterage employees and a limited number of employees performing repair work. The major maintenance work on the floating equipment is done at outside yards.

The ferry crew wages and employees at the Liberty Street ferry location are assigned to passenger service. The tug crews and lighterage workers while initially billed to the "B&O freight pool" are ultimately charged to the Jersey Central freight service. The greater part of the charges for these employees is assigned to Account 408, operating floating equipment.

Materials and Supplies

(a) Maintenance of Way Materials

The maintenance of way material charges are handled separately for the track materials, bridge and building materials and materials shipped direct from stores.

Section foremen submit a form showing the materials used for the track accounts. These forms show the division, work done, material used, material class, location, etc. The materials as taken from the foreman's report are accumulated by class of material and priced out by the auditor's office. These charges are assembled by primary accounts separately for freight, passenger and common. Salvaged items are also included and credited to the proper primary account.

An allowance for stores expenses is applied to the direct charges. The normal stores percentage allowance

is some ten to twelve percent but due to the relatively small amount of handling required for rail, ties, ballast and other equipment items only one-half of one percent is used.

The materials used by the bridge and building gangs are listed in a similar form to that used by the section gangs. But due to the variety of materials used the auditor's office prices out each individual item. The charges as thus computed are assembled by primary accounts separated among freight, passenger and common. These charges are further increased to allow for stores expenses.

Maintenance of way materials also include charges made by the stores department on an "as shipped" basis. These charges, by individual requisitions, are assigned to primary accounts separated among freight, passenger and common. These expenses are assembled monthly and further increased to allow for stores expenses.

(b) Signal Materials

Signal materials are charged from stores on individual material order forms showing the quantity, description, unit price, amount, etc. Other forms are also submitted similar to those used by section and B&B forces showing materials used, location, etc. The materials on each of these latter forms

are priced out by the auditor's office. The charges from both forms are assembled by primary accounts separated among freight, passenger and common. These signal material charges are further increased to allow for stores expenses.

(c) Stores Materials

Stores materials charged are first recorded on an individual material order form showing the description, amount of charges, etc. These material order forms are hand sorted by primary accounts and the dollars are posted on a monthly summary form separately for freight, passenger and common.

The material charges for locomotives are assembled by locomotive series for later distribution to freight and passenger based on locomotive unit miles. The materials used for enginehouses are initially assigned to Account 400 and distributed monthly between yard (Account 388) and train (Account 400) on the basis of engines dispatched at each engine terminal. This follows the same procedure used for enginehouse labor distribution.

All of the stores material charges are increased to allow for stores expenses. In the case of some materials for locomotives, one-half of one percent is used.

(d) Stationery and Printing

The majority of the expenses for stationery and printing are directly charged to the appropriate primary account and separated among freight, passenger and common. Freight waybills and IBM cards are examples. The greater part of these expenses are assigned to the transportation and the general stationery and printing accounts.

There are also common items such as pads, pencils, etc. which are distributed to the primary accounts following the distribution of the directly assigned stationery and printing supplies. The percentages used in 1961 were based on the direct items for the full year of 1960. The amount of common supplies in 1960 totalled \$26,068.

The common items as distributed are added to the directly assigned charges and the total increased for store expenses.

(e) Diesel Fuel

Each fueling facility makes a daily report of gallons delivered by locomotive numbers. Fuel used by other equipment, such as roadway machines, is separately recorded. The daily reports of gallons delivered are summarized monthly by type of locomotive (series) and the system cost per gallon is applied to the gallons delivered in

computing the monthly charges for diesel fuel by type of locomotive.

The fuel charges for each locomotive series are separated between freight and passenger and road and yard on the basis of the locomotive unit-miles run. The resulting percentage distribution between freight and passenger and between road and yard is also used to distribute labor charges for fueling.

Any fueling on the NY&LB is charged direct to the Jersey Central accounts as are the unit-miles used in the expense distribution. There are also fuel charges to other accounts but the amounts involved are small. Examples include fuel used by engine terminals, snow melters, etc.

Voucher Charges

The labor and material charges above make up the bulk of the Jersey Central operating expenses. All of these charges are entered monthly on the "ABC Sheets" and transferred to the Journal which shows the debits and credits to each primary account separated among freight, passenger and common facilities.

There are also voucher charges which are directly entered into the Journal. These are charges not included in the system labor and material referred to above. The

vouchers cover charges for depreciation, joint facility billing, the billing of charges initially charged to "pools" and bills for the work done and supplies furnished by outside companies. An example of the "pool" charges is the compensation of lighterage and tugboat crews. Billing for work performed and supplies furnished by outside companies includes electric power bills and charges for major overhauls of equipment done outside the railroad facilities.

These charges, which are assigned voucher numbers, are assigned to the primary accounts with a separation among freight, passenger and common facilities.

The 1961 electric charges were distributed on the basis of a test study for the month of July 1957, showing the percentage distribution of the total electric charges for all locations on the Jersey Central. The total charges for the test month amounted to \$5,596.

IV. APPRAISAL OF JERSEY CENTRAL TEST STUDIES USED TO
ALLOCATE EXPENSES TO PRIMARY ACCOUNTS SEPARATED
AMONG FREIGHT, PASSENGER AND COMMON FACILITIES

A general review of the use of special tests by the Jersey Central in apportioning expenses between freight and passenger is set out below.

Section Labor

All charges during the first six months of 1961 were directly distributed by the Jersey Central based on the work performed and staff location as covered by each individual foreman's report. For the second half of 1961, the section labor was distributed to the primary accounts on the basis of a test study consisting of the direct distribution of the section labor charges for April, May and June of 1961.

Since the work of section labor forces is affected by seasonal conditions, the percentage distribution for the three month test period was compared with the percentage distribution for the latest 12 months ending June 30, 1961, for which a direct distribution was available. The comparison was made separately for the Central and Pennsylvania

divisions. The results of this comparison are shown in Appendix B.

Of particular concern are the fluctuations by periods in the distribution between freight and passenger. A comparison of the proportions of section labor distributed to passenger, freight and undivided, respectively, is shown in Table 8 below.

Table 8 - Comparison of the Percentage Distribution of Section Forces to Passenger, Freight and Undivided, April-June, 1961 vs. 12-Month Period Ending with June 1961

<u>Item</u>	<u>Test Period Percent</u>	<u>Annual Period Percent</u>	<u>Difference</u>
(1)	(2)	(3)	(4)
<u>Central Division</u>			
1. Passenger	5.88	6.16	Incr .28
2. Freight	42.68	38.73	Decr 3.95
3. Undivided	<u>51.44</u>	<u>55.11</u>	Incr <u>3.67</u>
4. Total	100.00	100.00	--
<u>Pennsylvania Division</u>			
5. Passenger	.68	.29	Decr .39
6. Freight	25.40	24.21	Decr 1.19
7. Undivided	<u>73.92</u>	<u>75.50</u>	Incr <u>1.58</u>
8. Total	100.00	100.00	--

Source: Appendix B

This comparison shows that if the latest 12 months had been used in lieu of the shorter test period the freight

proportion would have been reduced from 42.68 percent to 38.73 percent in the Central Division. This is a reduction of 3.95 percentage points or about 9 percent.^{1/} The passenger proportion would have been increased by .28 percentage points or about 5 percent. The undivided portion increased by 3.67 percentage points or about 7 percent. In the Pennsylvania Division, the passenger and freight proportions would have been reduced by .39 and 1.19 percentage points, respectively. The undivided charges would have increased 1.58 percentage points.

Although these changes are not of great magnitude, it is believed that section force labor should be distributed in accordance with the individual labor distribution reports. The work of these employees is subject to fluctuations as to location and type of work performed. The reliance on any test period in the past for distribution of current charges is subject to such deficiencies.

Signal Labor

The distribution of signal labor in 1961 was based on a direct distribution for the first six months. The

^{1/} $3.95 \div 42.68$

distribution for the balance of the year was based on a test period. The test period covered direct distribution of these charges for the six months of May through October 1960. The data are shown in Appendix C and the revised proportions are summarized below.^{1/}

Table 9 - Comparison of the Percentage Distribution of Signal Labor to Passenger, Freight and Undivided, May-October, 1960 vs. 12 Months Ending with June 1961.

<u>Item</u>	<u>Test Period Percent</u>	<u>Annual Period Percent</u>	<u>Difference</u>	
(1)	(2)	(3)	(4)	
<u>Central Division</u>				
1. Passenger	12.37	11.06	Decr	1.31
2. Freight	5.28	6.92	Incr	1.64
3. Undivided	<u>82.35</u>	<u>82.02</u>	Decr	<u>.33</u>
4. Total	100.00	100.00		--
<u>Pennsylvania Division</u>				
5. Passenger	--	--		--
6. Freight	12.32	10.38	Decr	1.94
7. Undivided	<u>87.68</u>	<u>89.62</u>	Incr	<u>1.94</u>
8. Total	100.00	100.00		--

Source: Appendix C

The use of a 12-month period in the Central Division would occasion a reduction in the charges apportioned to passenger and undivided and an increase in freight proportions.

^{1/} Figures are after correction of a clerical error in the carrier apportionments.

The net result of the use of the 12-month test in the Pennsylvania Division is to reduce freight and increase undivided charges by 1.94 percentage points.

Telephone, Telegraph and Communications Labor

The Jersey Central labor charges for telephone, telegraph and communication employees during the second six months of 1961 were similarly distributed to the primary accounts and separated among passenger, freight and undivided on the basis of the six-month test period, May through October 1960, during which the charges were directly distributed in accordance with the individual labor reports. The percentage distribution of this labor during the test period compared with that based on the latest 12 months for which directly distributed charges are available is shown below.

Table 10 - Comparison of the Percentage Distribution of Telephone, Telegraph and Communications Labor to Passenger, Freight and Undivided, May-October 1960 vs. 12 Months Ending June 1961

<u>Item</u>	<u>Test Period Percent</u>	<u>Annual Period Percent</u>	<u>Difference</u>
(1)	(2)	(3)	(4)
<u>Central Division</u>			
1. Passenger	2.89	3.35	Incr .46
2. Freight	9.01	8.73	Decr .28
3. Undivided	88.10	87.92	Decr .18
4. Total	100.00	100.00	--
<u>Pennsylvania Division</u>			
5. Passenger	3.01	1.32	Decr 1.69
6. Freight	38.37	34.60	Decr 3.77
7. Undivided	58.62	64.08	Incr 5.46
8. Total	100.00	100.00	--

Source: Appendix D

The net result of using the full 12-month period in the Central Division is to increase passenger expenses by .46 percentage points, reduce freight by .28 percentage points, and reduce the undivided by .18 percentage points. The use of the full 12 months in the Pennsylvania Division shows substantial variation although the aggregate charges involved are much less than for the Central Division.

Maintenance of Equipment Labor

The distribution of the Jersey Central labor charges at a number of car servicing points and engine terminals is based on test studies. The points involved and the test periods used are set out in Appendix E.

The maintenance of equipment labor charges here fall into three categories.

1. Those charges which are directly assigned to primary accounts and further separated among freight, passenger and common on the basis of the individual labor distribution forms.
2. Those charges where tests are employed to distribute the expenses to the primary accounts at wholly freight or wholly passenger facilities, respectively. Any errors in the distribution of the expenses can go only to the distribution among the accounts, and not to the freight-passenger separations.
3. Those charges where tests are employed at common facilities to distribute the expenses both to the primary accounts and also as between the freight, passenger and undivided common charges.

Based on the December 1961 maintenance of equipment payroll, the proportion of the charges in these three categories is shown in Table 11 below.

Table 11 - Distribution of Maintenance of Equipment Labor,
December 1961 - Percent

<u>Item</u>	<u>Directly Assigned Expenses</u>	<u>Based on Special Tests</u>		<u>Total</u>
		<u>Wholly Freight or Passenger Points</u>	<u>Both Freight and Passenger</u>	
(1)	(2)	(3)	(4)	(5)
1. Car-servicing points	22.31	43.36	34.33	100.00
2. Engine terminals	78.60	-	21.40	100.00
3. Other facilities ^{1/}	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>100.00</u>
4. Total	54.82	20.16	25.02	100.00

^{1/} Includes power plant, docks, coal dumper, automobile repairs, etc.

Source: Appendix E

Based on the December 1961 payrolls, 34.33 percent of the payroll at car-servicing points and 21.40 percent of the payroll at engine terminals is subject to a separation between freight, passenger and undivided on the basis of test studies. For the month of December 1961 the total labor payroll was \$591 thousand. Of this total amount \$275 thousand was accounted for at all the car-servicing points, and of this latter \$94 thousand is chargeable to those points where both freight and passenger work is performed with the separations based on special tests. Of this \$94 thousand, \$2,157 was apportioned on a test basis to passenger service, \$118 to common or undivided, and the balance to freight. The

conclusion is drawn that at these car-servicing points, the passenger car work performed is comparatively minor and the use of tests at such points has very little impact on the passenger expenses.

At the engine terminals \$53 thousand out of the total payroll of \$250 thousand was subject to a freight-passenger separation on a test basis. All of the "Other" was directly assigned.

A further check was made to determine the extent of the period-to-period variations in the distribution of maintenance of equipment payroll charges to the primary accounts. The results of the latest three test period applications were compared at car-servicing points and engine terminals where apportionments were made of the expenses to both passenger and freight services. Reference is here made to Appendix F where the detail of this analysis is shown. At the two largest points, Allentown Yard and Elizabethport, the three test studies showed little annual variation in the distribution of the maintenance of equipment payroll by primary accounts or in the distribution between freight and passenger.

At the smaller points the variations between test periods became substantial. While the amounts involved at these latter points were relatively small, there is need here, as well

as at the larger points, for regularly conducted tests which are representative of the work performed and the period for which the distribution will be applied. This particularly applies where changes in the operations at specific points have occurred. It is to be here noted that the Jersey Central has been up-dating its tests annually.

V. PROCEDURE FOLLOWED IN RESTATING THE JERSEY CENTRAL'S
FREIGHT-PASSENGER SEPARATION OF OPERATING EXPENSES,
RENTS AND TAXES

A restatement has been made of the Jersey Central separation of expenses between freight and passenger for 1961. The results of such separation were summarized in Section I, Table 1 hereto. The details of the adjustments by individual accounts are shown in Appendix A hereto.

The purpose of this restatement is to reflect, to the extent feasible, the intent of the Interstate Commerce Commission Rules governing the separation of operating expenses, rents, and taxes between freight and passenger service. These Rules are flexible in many respects, contemplating alternative procedures as conditions justify. The Rules do not extend to revenue items.

Except as specifically noted, the expenses in the Jersey Central's Annual Report to the Interstate Commerce Commission, Schedule 320, identified as "solely related" to either the freight or the passenger services, have not been changed. The separations described below pertain primarily to the expenses which are common to the freight and passenger services. The text to follow describes the basis for the separations made of these common expenses by primary accounts. In some instances this is accomplished by a simple recital of the

I.C.C. Rules applicable to the given account. In other cases, where alternate methods have been prescribed for use in the light of particular circumstances, the essential details are given.

Maintenance of Way and Structures

Account 201 - Superintendence
Account 274 - Injuries to Persons
Account 275 - Insurance
Account 276 - Stationery and Printing
Account 277 - Other Expenses

The common charges were apportioned on the basis of the distribution of Accounts 202 to 265, inclusive; 269 to 277 inclusive; 281, excluding common expenses in Accounts 247 and 274 to 277, inclusive.

Accounts 202-221 - Running Tracks, System

The common charges were apportioned on the basis of the system gross ton-miles (including locomotive ton-miles) handled over the common tracks, excluding those gross ton-miles handled over the New York and Long Branch Railroad and between Union Junction and Winooka (over D&H tracks). The freight gross ton-miles included those handled in transfer runs between Jersey City, Elizabethport and Newark, which are not included

in the carrier's gross ton-mile statistics. They excluded the freight gross ton-miles over solely-related freight branches.

Account 227 - Station and Office Buildings

The common charges were apportioned on the basis of the directly assigned charges to this account.

Account 229 - Roadway Buildings
Account 270 - Dismantling Retired Road Property
Account 271 - Small Tools and Supplies
Account 272 - Removing Snow, Ice and Sand
Account 273 - Public Improvements-Maintenance

The common charges were apportioned on the basis of the charges to Accounts 202 to 221, inclusive.

Account 233 - Fuel Stations

The common charges were apportioned on the basis of the total of Account 382, Yard Switching Fuel, and Account 394, Train Fuel.

Account 235 - Shops and Enginehouses

The common charges were apportioned on the basis of Accounts 311, 314, 317, 323 and 326, excluding common expenses

in Account 326. The I.C.C. Rules for Account 235, Shops, were here applied by the Jersey Central to both shops and enginehouse. Had separate apportionments been made as provided in the I.C.C. rules, the percentage distributions would have been:

	<u>Freight</u>	<u>Passenger</u>
Shops <u>1/</u>	73.2%	26.8%
Enginehouses <u>2/</u>	62.8%	37.2%

1/ Based on Accounts 311, 314, 317, 323 and 326, excluding common expenses in Account 326.

2/ Based on Accounts 388 and 400.

The handling of Account 235, Common Charges, as a single amount tends to understate the passenger proportion.

Account 241 - Wharves and Docks

The small amount of common charges were apportioned on the basis of the directly assigned charges to Account 241.

Account 247 - Communication Systems

The common charges were apportioned on the basis of the charges to Accounts 201, 301, 351, 371 and 372.

Account 249 - Signals and Interlockers

The common charges were apportioned on the basis of the total train hours (including train-switching hours) and yard-switching locomotive hours, excluding train hours on the New York and Long Branch Railroad.

Account 253 - Power Plants

Account 257 - Power-Transmission Systems

The common charges were apportioned on the basis of the freight and passenger separation of the cost of producing power. These costs are separated monthly and the aggregate of the 12 months is used to apportion the common expenses in Accounts 253 and 257.

Account 266 - Road Property - Depreciation

Account 267 - Retirements-Road

The common charges were apportioned on the same basis as the related maintenance of way and structures account.

Account 1 - Engineering

The common expenses were apportioned on the basis of that used for the charges in Account 201 and other M. of W. & S. overheads.

Accounts 2½ - 13

The common expenses in these accounts were apportioned by the Jersey Central on total gross ton-miles. The expenses herein are distributed on gross ton-miles over common trackage, excluding freight and passenger gross ton-miles on the New York and Long Branch, the D&H tracks, and the solely-related freight branches as the charges for these areas are not included.

Account 16 - Stations and Office Buildings

The common expenses were apportioned on the basis of Account 227.

Account 17 - Roadway Buildings

The common expenses were apportioned on the basis of Account 229, common.

Account 18 - Water Stations

The common expenses were apportioned on the basis of Account 233, Fuel Stations, by the Jersey Central. The expenses have been distributed on the separation of

Account 385, Water for Yard Locomotives, and Account 397, Water for Train Locomotives. The comparison of the figures as used and as revised is set out below:

	<u>Freight</u>	<u>Passenger</u>
As Used by Jersey Central	68.3%	31.7%
Revised	72.6%	27.4%

Account 19 - Fuel Stations

The common expenses were apportioned on the basis of Account 233, common.

Account 20 - Shops and Enginehouses

The common expenses were apportioned on the basis of Account 235, common.

Account 23 - Wharves and Docks

The common expenses were apportioned on the basis of Account 241.

Account 26 - Communication Systems

The common expenses were apportioned on the basis of Account 247, common.

Account 27 - Signals and Interlockers

The common expenses were apportioned on the basis of Account 249, common.

Account 29 - Power Plants

Account 31 - Power-Transmission Systems

The common expenses were apportioned on the basis of Accounts 253 and 257, common.

Account 35 - Miscellaneous Structures

The common expenses were apportioned on the basis of Accounts 253 and 257, common, by the Jersey Central. The common expenses amounted to only \$465 and the basis of distribution was not tested.

Account 37 - Roadway Machines

The common expenses were apportioned on Account 269, common.

Account 39 - Public Improvements-Construction

The common expenses were apportioned on Account 273, common.

Account 75 - Taxes

Account 76 - Interest during Construction

The retirement charges were apportioned on the basis of Account 277, common, i.e., treated as an overhead.

Account 278 - Maintaining Joint Tracks, Yards and Other Facilities - Dr.

The charges to this account from the New York and Long Branch Railroad were handled separately. The details have been set out in Section II. The balance of the common charges was apportioned to freight and passenger service on the basis of the charges to Accounts 202 to 277, inclusive, and 281, excluding the common charges to Account 247.

Account 279 - Maintaining Joint Tracks, Yards and Other Facilities - Cr.

The common charges were apportioned to freight and passenger service on the basis of the charges to Accounts 202 to 277, inclusive, and 281, excluding the common charges to Account 247.

Maintenance of Equipment

Account 301 - Superintendence
Account 332 - Injuries to Persons
Account 333 - Insurance
Account 334 - Stationery and Printing
Account 335 - Other Expenses

These common charges were apportioned on the basis of Accounts 302, 304, 306 to 329, inclusive, and 332 to 335, inclusive, excluding common expenses in Accounts 328 and 332 to 335, inclusive.

Account 302 - Shop Machinery

The common charges were apportioned on the basis of Accounts 311, 314, 317, 323 and 326, excluding common expenses in Account 326.

Account 304 - Power-Plant Machinery

The common charges were apportioned on the basis of the freight and passenger separation of the cost of producing power. These costs are separated monthly and the aggregate of the 12 months is used to apportion the common expenses in Account 304.

Account 305 - Shop and Power-Plant Machinery - Depreciation

Shop machinery common charges were apportioned on the basis of the charges to Accounts 311, 314, 317, 323 and 326, excluding common expenses in Account 326.

Power plant machinery common charges were apportioned on the same basis as that used to apportion the common charges to Account 304.

Account 311 - Other Locomotives-Repairs, Diesel Locomotives

The Jersey Central's handling of this account was as follows:

Items directly assigned to freight included billed items, materials assigned to locomotives exclusively in freight service and the labor charges for types 1600 and 50-70 locomotives which performed freight service only.

The direct passenger items included the billed items, materials assigned to locomotives exclusively in passenger service and the labor charges for type 2400 locomotives. The locomotive mileage statistics indicate that 17.36% of the 1961 miles of this type locomotive were in freight service.

The charges for the following classes were apportioned on the basis of the 1961 locomotive unit-miles of each class:

Series 1000

Series 1200

Series 1500

Series 1700

The unassigned charges were split on the basis of the miles in 1961 of type 1500 locomotive which split 63.21% passenger and 36.79% freight. A summary of the miles for all types of locomotives split 28.75% passenger and 71.25% freight.

In the revision the charges (materials and labor) for the 2400 type, amounting to \$234,252, were split 82.64% passenger - 17.36% freight, based on the locomotive unit-miles of this type in 1961.

The unassigned charges of \$144,958 were split 28.75% passenger, 71.25% freight, based on the split of the 1961 locomotive unit-miles for all types of locomotives (I.C.C. Rules, 121.24, (c)).

A comparison of the revised figures with those in the Annual Report are given below:

	<u>Freight</u>	<u>Passenger</u>	<u>Total</u>
Annual Report	\$ 2,116,164	\$752,810	\$2,868,974
Revised Figures	2,205,427	663,547	2,868,974
Adjustment	✓ 89,263	(-) 89,263	--

Account 314 - Freight-Train Car-Repairs
Account 317 - Passenger-Train Car-Repairs

These charges were directly assigned to freight and passenger service.

Account 323 - Floating Equipment - Repairs

The common charges were apportioned on the basis of the directly assigned charges to this account.

Account 326 - Work Equipment - Repairs

The common charges were apportioned on the basis of Accounts 202 to 265, inclusive; 269 to 273, inclusive; and 281, excluding common expenses in Account 247.

Account 328 - Miscellaneous Equipment - Repairs

These charges were apportioned on the basis of the percentages used to apportion the common expenses in Accounts 201, 301, 351 and 371.

Account 331 - Equipment - Depreciation

These charges were handled on the same basis as the corresponding repair account.

Account 52 - Locomotives, Other

The Jersey Central assigned the depreciation charge for the 2400 series locomotives to passenger service. The amount of depreciation for 1961 was \$154,368. The depreciation for Series 50-70 and 1600 was assigned to freight service, amounting to \$329,184. The balance of the locomotive depreciation was distributed to freight and passenger service on the basis of locomotive unit miles run in 1961.

The revised depreciation charges include the depreciation for the 2400 series in common service. The percentage distribution of the locomotive unit-miles for this type in 1961 was as follows:

Passenger - Road service	82.64%
Freight - Road service	15.03%
Passenger - Yard service	--
Freight - Yard service	2.33%

A comparison of the Jersey Central depreciation as reported with the revised depreciation is shown below.

	<u>Freight</u>	<u>Passenger</u>	<u>Total</u>
Annual Report	\$744,565	\$370,180	\$1,114,745
Revised Figures	771,349	343,396	1,114,745
Adjustment	/ 26,784	(-) 26,784	---

Account 53 - Freight-Train Cars
Account 54 - Passenger-Train Cars
Account 55 - Floating Equipment

Depreciation charges for freight-train cars, passenger-train cars and floating equipment were directly assigned to freight and passenger service.

Account 57 - Work Equipment

The depreciation charges for work equipment were apportioned to freight and passenger service based on the distribution of the common charges in Account 326, Work Equipment - Repairs.

Account 58 - Miscellaneous Equipment

Miscellaneous equipment depreciation charges were apportioned to freight and passenger service based on the distribution of the common charge in Account 328, Miscellaneous Equipment - Repairs.

Account 336 - Joint Maintenance of Equipment Expenses - Dr.

The Jersey Central assigned these charges to freight service. They included the negligible amount of \$118 from

the New York and Long Branch. The charges also included a credit of \$3,647, which although reported as common, was assigned to freight since it arose from an overstatement of the estimate for the Allentown pool charges (freight). Due to the negligible amounts involved, no adjustment was made to this account.

Account 337 - Joint Maintenance of Equipment Expenses - Cr.

The common charges were apportioned to freight and passenger service on the basis of Accounts 302 to 335, inclusive.

Accounts 351 to 359 - Traffic

All charges in these accounts were directly assigned to freight and passenger service.

Transportation

Account 371 - Superintendence
Account 410 - Stationery and Printing
Account 411 - Other Expenses

The common expenses were apportioned to freight and passenger service based on the distribution of Accounts 372 to 420, inclusive, excluding the total expenses in Accounts 390,

391, 412 and 413, and common expenses in Accounts 407, 410 and 411.

Account 372 - Dispatching Trains

The common expenses were apportioned to freight and passenger service on the basis of train hours, including train switching. The train switching hours on the New York and Long Branch were used in apportioning expenses on the New York and Long Branch and excluded from the balance of the system.

Account 373 - Station Employees

The common expenses which consist primarily of the safety and security departments were apportioned to freight and passenger service on the basis of the directly assigned expenses.

The directly assigned expenses have been revised to reflect a current review of the station payroll separation between freight and passenger.

The group of stations, the expenses of which were assigned 100% to passenger, included one station, Phillipsburg, which in 1961 was a freight operation. The 1961 payroll for this station was added to the directly assigned freight service and excluded from the passenger service.

The expenses at a number of other stations with employees engaged in both freight and passenger service were revised to reflect conditions applicable to 1961. These changed conditions were due primarily to changes in the labor forces and the consolidation and closing of stations. The distribution of the charges for cleaning forces at buildings located at Jersey City were also adjusted to reflect current operations.

The results of the above revisions are as follows:

<u>Item</u>	<u>Account 452 Common</u>	<u>Account 373</u>	
		<u>Assigned Freight</u>	<u>Assigned Passenger</u>
Annual Report	\$647,753	\$1,848,312	\$1,437,744
As Revised	660,706	1,870,606	1,402,497
Adjustment	/ 12,953	/ 22,294	(-) 35,247

Account 376 - Station Supplies and Expenses

The common expenses were apportioned to freight and passenger service based on the distribution of the directly assigned expenses. Common expenses accounted for only 7% of the total expenses for this account in 1961.

Account 377 - Yardmasters and Yard Clerks
 Account 378 - Yard Conductors and Brakemen
 Account 379 - Yard Switch and Signal Tenders
 continued -

Account 380 - Yard Enginemen
Account 382 - Yard Switching Fuel
Account 385 - Water for Yard Locomotives
Account 386 - Lubricants for Yard Locomotives
Account 387 - Other Supplies for Yard Locomotives
Account 388 - Enginehouse Expenses - Yard
Account 389 - Yard Supplies and Expenses

The Jersey Central apportioned the common expenses for the above accounts to freight and passenger service on the basis of the locomotive unit miles at Jersey City and Scranton. The total amount of common expenses for these yard accounts amounted to only \$8,367 in 1961. The Jersey Central figures have not been adjusted but a review of these accounts indicates that some revisions should be made in handling the assigned and common expenses as indicated below.

The expenses in Accounts 377 through 380 were directly assigned to freight and passenger service. These expenses were incurred in freight or passenger yards or by freight or passenger crews.

Diesel fuel expenses in Account 382 were apportioned to freight and passenger service based on the locomotive unit miles by locomotive series. The labor charges (fueling) followed the distribution of the fuel expenses. A more complete explanation of the handling of this account is discussed in Section III (diesel fuel).

The expenses for lubricants for locomotives are maintained by locomotive series. These expenses for certain locomotive series are assigned to yard, undivided (Account 386) while the expenses for other series are assigned to freight and passenger service, train (Account 398). The assignments do not follow the locomotive unit miles of the respective locomotive series. Based on the expenses for the month of December 1961, and the relative (annual) distribution of the locomotive miles by the separate locomotive series, it appears that the passenger expenses (Accounts 386 and 398) are understated by some \$1,000 per month or \$12,000 per year.

The expenses for Other Supplies for locomotives (Accounts 387 and 399) were also separated among road and yard and freight and passenger based on locomotive assignments by series. The assignment of these charges does not agree with the unit miles run. However, based on a review of the December 1961 figures, any adjustment would be negligible.

The expenses for enginehouses were separated monthly among yard and train (Accounts 388 and 400) and freight and passenger on the basis of engines dispatched at each engine terminal. These charges include labor and stores materials at the engine terminals.

The expenses for yard supplies and expenses, Account 389, were primarily directly assigned to freight or passenger.

Account 392 - Train Enginemen

The expenses were directly assigned to freight and passenger service.

Account 394 - Train Fuel

The directly assigned charges were apportioned on locomotive unit-miles. This subject is discussed more fully elsewhere herein (Section III). The common charges (\$167) were apportioned on the basis of the directly assigned expenses.

Account 397 - Water for Train Locomotives

The common charges were apportioned to freight and passenger service on the basis of the gallons of fuel.

Account 398 - Lubricants for Train Locomotives
Account 399 - Other Supplies for Train Locomotives
Account 400 - Enginehouse Expenses - Train

The distribution of the charges to these accounts is explained under the corresponding yard accounts above. The common charges were apportioned to freight and passenger service on the basis of the directly assigned expenses.

Account 401 - Trainmen

These charges were directly assigned to freight and passenger service.

Account 402 - Train Supplies and Expenses

The common charges were apportioned to freight and passenger services on the basis of the directly assigned expenses.

Account 404 - Signal and Interlocker Operation
Account 405 - Crossing Protection

The common expenses were apportioned to freight and passenger service on the basis of train hours (including train switching hours) and yard switching locomotive hours, excluding train hours on the New York and Long Branch Railroad.

Account 406 - Drawbridge Operation

The common expenses were apportioned to freight and passenger service on the basis of train hours (including train switching hours), excluding train hours on the New York and Long Branch Railroad.

Account 407 - Communication System Operation

The common expenses were apportioned to freight and passenger service based on the distribution of Accounts 201, 301, 351, 371 and 372.

Account 408 - Operating Floating Equipment
Account 414 - Insurance
Account 416 - Damage to Property
Account 420 - Injuries to Persons

The common expenses were apportioned to freight and passenger service based on the distribution of the directly assigned expenses.

Account 390 - Operating Joint Yards and Terminals - Dr.

The charges of this account from the New York and Long Branch Railroad were handled separately as explained in Section II. The balance of the common charges were

apportioned to freight and passenger service on the basis of the charges to Accounts 373 and 376 to 389, inclusive.

Account 391 - Operating Joint Yards and Terminals - Cr.

The common expenses were apportioned to freight and passenger service on the basis of the charges to Accounts 373 and 376 to 389, inclusive.

Account 412 - Operating Joint Tracks and Facilities - Dr.

The charges to this account from the New York and Long Branch Railroad were handled separately as explained in Section II. The balance of the common charges were apportioned to freight and passenger service on the basis of the charges to Accounts 392 to 402, inclusive.

Account 413 - Operating Joint Tracks and Facilities - Cr.

The common charges were apportioned to freight and passenger service on the basis of the charges to Accounts 392 to 402, inclusive.

Accounts 451-462

The common charges were apportioned to freight and passenger service on the basis of the charges to Accounts 201 to 448, inclusive. The charges from the New York and Long Branch Railroad in Account 461 were handled separately as explained in Section II.

The amount of common charges in Account 452 was increased by \$12,953 to reflect current operations at the Jersey City passenger station. This subject is discussed in connection with Account 373, Station Employees.

Account 532 - Railway Tax Accruals

These charges consisted of the following in 1961:

State Taxes	\$3,379,129
Old-Age Retirement	1,587,451
Unemployment Insurance	885,838
Income Taxes-Current Year	8,300
Income Taxes-Previous Years	7,422
Other U.S. Government Taxes	1,461
Total	<u>\$5,869,601</u>

The Jersey Central initially assigned \$2,716 to freight service and apportioned \$5,866,885 to freight and passenger service on the basis of the charges to total operating expenses. The apportioned amount included Federal and State

income taxes which should be assigned to freight service. The revised figures which reflect these corrections are set out below:

<u>Account 532 Railway Tax Accruals</u>	<u>Account as Stated</u>	<u>As Revised</u>
Assigned Freight	\$ 2,716	\$ 19,719
Assigned Passenger Common	- 5,866,865	- 5,849,882

Account 504 - Rent from Locomotives
Account 537 - Rent for Locomotives
Account 505 - Rent from Passenger-Train Cars
Account 538 - Rent for Passenger-Train Cars

The rents receivable and payable were assigned to freight and passenger services. The amounts assigned to passenger service primarily relate to the Jersey City-Philadelphia and the Philadelphia-Scranton passenger runs.

Account 506 - Rent from Floating Equipment
Account 539 - Rent for Floating Equipment

The rents receivable and payable for floating equipment were directly assigned to freight service.

Account 507 - Rent from Work Equipment

The rent income from floating equipment was apportioned to freight and passenger service on the basis of the charges to Account 326 - Work Equipment - Repairs.

Account 508 - Joint Facility Rent Income

The rent income was apportioned to freight and passenger service on the basis of the credits to Accounts 279, 337, 391, 413, 448 and 462.

Account 541 - Joint Facility Rents

The total charges to this account for 1961 were as follows:

<u>Item</u>	<u>Assigned Freight</u>	<u>Assigned Passenger</u>	<u>Common</u>	<u>Total</u>
1. Total Account	\$335,566	\$20	\$205,730	\$541,316
2. N.Y. & L.B.	-	-	199,864	199,864
3. System, excl. N.Y. & L.B.	335,566	20	5,866	341,452

The charges from the New York and Long Branch Railroad consist of debits in the amount of \$231,377 for interest

rental, property taxes, payroll taxes and hire of equipment. There are also credits in the amount of \$31,513 from rent income and profits from the sale of property.

The Jersey Central apportioned the total common charges to freight and passenger service on the basis of the charges to Accounts 278, 336, 390, 412, 447 and 461. In the restatement of Account 541 the common charges from the New York and Long Branch Railroad were apportioned to freight and passenger service on the basis of the New York and Long Branch Railroad's share of the Accounts 278, 336, 390, 412, 447 and 461. The balance of the common charges (\$5,866) were apportioned to freight and passenger service on the charges to Account 278, 336, 390, 412, 447 and 461, excluding the New York and Long Branch Railroad.

VI. EXPLANATION OF THE REVENUE ACCOUNTS

Jersey Central Operating Revenues

Account 102 - Passenger

The interline passenger revenue from the through Reading-Jersey Central train service, except commutation, is divided between the roads by deducting the ferry arbitrary of 15 cents which accrues to the Jersey Central, and separating the balance on a mileage basis. In the case of commutation revenues the ferry arbitrary is also 15 cents, with minor exceptions, and the balance is similarly divided on a mileage basis

The revenue from traffic involving the New York & Long Branch Railroad is divided between the Jersey Central and the Pennsylvania Railroad. All three carriers sell tickets involving movements over the NY&LB. The Pennsylvania and the Jersey Central have a monthly revenue settlement in which the tickets sold by one road and collected by the other road are honored. The revenue from all ticket sales of the NY&LB are first credited to the NY&LB. The Jersey Central and Pennsylvania then bill the NY&LB for tickets honored by the respective roads. The excess of sales over value of tickets honored is divided evenly between the two

roads. Where the NY&LB sells tickets for which the movement must be wholly via the Jersey Central, the entire revenue is credited to this road. No part of such revenue is involved in the unused balance of revenue that is divided.

Account 103 - Baggage

The total 1961 revenue for this account was \$159, and was assigned to passenger service.

Account 106 - Mail

U. S. mail is handled by the Jersey Central at the I.C.C. prescribed rates. In most cases the revenue accruing to the Jersey Central is collected directly from the Post Office Department. An exception to this is certain Jersey Central-Reading interline traffic where terminal handling charges (for originating and terminating) of 21.38 cents per piece originated is paid by the Post Office Department to the originating carrier. In cases of this kind where the Jersey Central is the originator and delivers cars to the Reading with mail in the car that is to be unloaded by the Reading, the Jersey Central pays the Reading 10.69 cents per piece for the pieces left in the car.

The Jersey central handles Mail Revenue accounting for both the Jersey Central and the Reading. The Jersey Central expenses for this work are shared evenly by the two roads.

Account 107 - Express

Express operations over the Jersey Central are conducted under the standard Railway Express Agency agreement. All express revenue is assigned to passenger service.

Account 108 - Other passenger-train

This revenue is derived chiefly from handling newspapers at \$.87 per cwt. The publishers furnish weights of papers shipped and those weights are the basis for the revenues.

Account 110 - Switching

The 1961 charges to this account amounted to \$153,173. The proportion assigned to passenger service was \$1,458.

Account 113 - Water transfers

The 1961 passenger portion of \$249,000 was divided as follows:

Vehicle Revenue	\$224,800
Passenger collections	<u>24,200</u>
	\$249,000

Vehicle charges are from \$.45 for passenger cars to \$1.70 for 46 foot trucks and higher, according to truck length. The passenger fare is \$.20 and the revenue received is mainly from bus passengers who use the ferry between Jersey City and New York.

Account 131 - Dining and buffet

The Jersey Central 1961 revenue for this account was \$25,944. It represents revenue from dining car operations over the Jersey Central on the Wall Street and Crusader (New York-Philadelphia trains).

Account 133 - Station, train and boat privileges

The Jersey Central 1961 revenue for this account was \$101,412. The major items included in this account are Union News rental, Transportation Displays, Inc. (advertising), and telephone and miscellaneous commissions.

A review of the charges to Account 133 shows that any charges to the Pennsylvania division are negligible.

Account 138 - Communication

The revenue for Account 138, Communication, totalled \$226 in 1961. The amount assigned to passenger service was \$28.

Account 142 - Rents of buildings and other properties

The Jersey Central 1961 revenues for this account totalled \$196,621 and were divided as follows:

	<u>Freight</u>	<u>Passenger</u>	<u>Total</u>
Assigned	\$117,599	\$60,017	\$177,616
Apportioned	16,662	2,343	19,005
Total	\$134,261	\$62,360	\$196,621

The common reveunes of \$19,005 were apportioned between freight and passenger on the basis of the Jersey Central 1961 freight and passenger revenues, Accounts 101 and 102.

A review of the assignment of revenues disclosed that the revenues received from a freight forwarder for space in the Express Building were assigned to Account 142 - Freight, whereas rent received from the Railway Express Agency for facilities in the same building was treated as common. However the Express Building expenses such as cleaning were charged to Account 452 common and apportioned between freight and passenger on the basis of the proportions of Accounts 201 and 448, inclusive.

Revenue from Union News for lunch room facilities at the Jersey City passenger station and revenues from Ferry Boat facilities have been assigned to common.

The revenues in Account 142 have been restated to reflect the following changes:

1. The Union News Rental at the Jersey City passenger station which had been treated as common has been assigned to passenger service.

2. The Express Building rentals which had been treated as freight have been assigned to common.

3. Account 142, Common Items, are apportioned between freight and passenger on the basis of the separation of total operating expenses.

The effect of the restatement is summarized below:

<u>Item</u> (1)	<u>Total</u> (2)	<u>Freight</u> (3)	<u>Passenger</u> (4)	<u>Common</u> (5)
1. Acct 142- as reported	\$196,621	\$117,599	\$60,017	\$19,005
<u>Revisions in Rentals</u>				
2. Freight Forwarder	-	(32,236)	-	32,236
3. Union News	-	-	13,921	(13,921)
4. Acct 142- as revised	196,621	85,363	73,938	37,320
5. Apportionment of Common (L. 4, Col (5) <u>1/</u>	-	26,602	10,718	xxx
6. Revised Total (L. 4 plus L. 5)	\$196,621	\$111,965	\$84,656	XXX

1/ Apportionment is on the basis of the separation of 1961 total operating expenses-Freight 71.28%; Passenger 28.72%.

() Decrease

A review of the sources of revenue included in Account 142 indicates that any amount applicable to the Pennsylvania Division would be negligible.

Account 143 - Miscellaneous

The 1961 revenues were as follows:

Freight	\$ 662,033
Passenger	1,422,447
Common	<u>13,955</u>
Total	\$ 2,098,435

The greater part of the passenger revenue is accounted for by contract with the State of New Jersey which amounted to \$1,420,310 in 1961. The major part of the Freight revenue includes trimming, wharfage and loading and unloading charges. The common amount consists of various miscellaneous items such as tax collection and commission on insurance.

Account 151 - Joint facility - Credit

The 1961 amounts were as follows:

	<u>Total</u>	<u>Freight</u>	<u>Passenger</u>	<u>Common</u>
Total	\$17,503	\$929	\$10,803	\$5,771
NY&LB portion	16,672	98	10,803	5,771
Balance	831	831	-	-

The common amount of \$5,771 was split 0.89% freight and 99.11% passenger on the basis of the NY&LB direct freight and passenger revenues in Account 151.

Account 152 - Joint facility - Debit

The revenue totalled \$510 for 1961, of which \$298 was assigned to freight service and \$212 to passenger service.

COMPARISON OF THE PASSENGER REVENUES AND EXPENSES OF THE CENTRAL RAILROAD
COMPANY OF NEW JERSEY, AS STATED AND REVISED, 1961

(Revised figures reflect changes in the basic freight-passenger separations
and the exclusion of the Pennsylvania head-end passenger trains)

Line No.	Acct. No.	Title	As Stated (3)	Revised (4)	Reduction (5)
<u>Revenues</u>					
1	102	Passenger	\$5,525,466	\$5,525,466	\$ -
2	103	Baggage	159	159	-
3	106	Mail	1,932,685	1,577,602	355,083
4	107	Express	384,486	175,910	208,576
5	108	Other Passenger Train	42,749	42,749	-
6	110	Switching	1,458	1,458	-
7	113	Water Transfers	249,116	249,116	-
8	131	Dining and Buffet	25,944	25,944	-
9	133	Station, Train & Boat Privileges	101,412	101,412	-
10	138	Communication	28	28	-
11	142	Rents of Buildings and Other Property	62,360	84,656	(22,296)
12	143	Miscellaneous	1,424,167	1,424,167	-
13	151	Joint Facility - Cr.	16,523	16,523	-
14	152	Joint Facility - Dr.	212	212	-
15		TOTAL REVENUES	\$9,766,341	\$9,224,978	\$ 541,363
<u>Railway Operating Expenses</u>					
<u>Maintenance of Way and Structures</u>					
16	201	Superintendence	\$ 83,963	\$ 75,003	\$ 8,960
17	202	Roadway Maintenance - Running Tracks	30,617	25,305	5,312
18	206	Tunnels and Subways - Running Tracks	257	211	46
19	208	Bridges, Trestles, and Culverts - Running Tracks	14,962	12,251	2,711
20	212	Ties - Running Tracks	22,500	18,680	3,820
21	214	Rails-Yard Switching Tracks	33	33	-
22	214	Rails-Running Tracks	6,398	5,355	1,043
23	216	Other Track Material - Yard Switching Tracks	128	128	-
24	216	Other Track Material - Running Tracks	28,231	24,241	3,990
25	218	Ballast - Running Tracks	5,602	4,586	1,016
26	220	Track Laying and Surfacing - Running Tracks	187,919	157,403	30,516
27	221	Fences, Snow Sheds and Signs-Running Tracks	640	524	116
28	227	Station & Office Bldgs.	181,325	176,883	4,442
29	229	Roadway Buildings	465	390	75
30	233	Fuel Stations	1,023	957	66

COMPARISON OF THE PASSENGER REVENUES AND EXPENSES OF THE CENTRAL RAILROAD
COMPANY OF NEW JERSEY, AS STATED AND REVISED, 1961

(Revised figures reflect changes in the basic freight-passenger separations
and the exclusion of the Pennsylvania head-end passenger trains)

Line No.	Acct. No.	Title	As Stated (3)	Revised (4)	Reduction (5)
(1)	(2)				
<u>Maintenance of Way and Structures (cont'd)</u>					
31	235	Shops and Engine Houses	\$ 17,790	\$ 15,937	\$ 1,853
32	241	Wharves & Docks	12,413	12,413	-
33	247	Communication Systems	16,341	15,065	1,276
34	249	Signals and Interlockers	104,267	93,494	10,773
35	253	Power Plants	3,572	3,572	-
36	257	Power-transmission Systems	22,919	22,919	-
37	266	Road Property - Depreciation	306,329	282,806	23,523
38	267	Retirements - Road	6,449	5,374	1,075
39	269	Roadway Machines	10,998	9,224	1,774
40	270	Dismantling Retired Road Property	3,030	2,541	489
41	271	Small Tools and Supplies	13,233	11,098	2,135
42	272	Removing Snow, Ice and Sand	37,150	31,551	5,599
43	273	Public Improvements - Maintenance	6,359	5,340	1,019
44	274	Injuries to Persons	18,502	16,528	1,974
45	275	Insurance	35,927	33,131	2,796
46	276	Stationery and Printing	584	522	62
47	277	Other Expenses	31,946	28,537	3,409
48	278	Maintaining Joint Tracks, Yards, and Other Facilities - Dr.	273,741	246,979	26,762
49	279	Maintaining Joint Tracks, Yards, and Other Facilities - Cr.	15,072	14,648	424
50		TOTAL MAINTENANCE OF WAY AND STRUCTURES	\$1,470,541	\$1,324,333	\$ 146,208
<u>Maintenance of Equipment</u>					
51	301	Superintendence	\$ 98,693	\$ 88,592	\$ 10,101
52	302	Shop Machinery	12,528	11,227	1,301
53	304	Power-Plant Machinery	32,316	32,316	-
54	305	Shop & Power Plant Machinery	35,084	34,046	1,038
55	311	Other Locomotives - Repairs, Diesel Locomotives - Yard	67,245	60,595	6,650
56	311	Other Locomotives - Repairs, Diesel Locomotives - Other	685,565	537,876	147,689
57	317	Passenger-train cars - Repairs	503,794	488,206	15,588
58	323	Floating Equipment - Repairs	349,502	349,502	-
59	326	Work Equipment - Repairs	8,607	7,678	929
60	328	Miscellaneous Equip.-Repairs	9,870	11,689	(1,819)
61	331	Equipment - Depreciation	646,698	581,737	64,961
62	332	Injuries to Persons	34,527	31,821	2,706
63	333	Insurance	33,914	31,722	2,192
64	334	Stationery & Printing	2,187	1,972	215
65	335	Other Expenses	58,876	52,850	6,026
66	337	Joint Maintenance of Equipment Expenses - Cr.	4,193	3,954	239
67		TOTAL MAINTENANCE OF EQUIPMENT	\$2,575,213	\$2,317,875	\$ 257,338

COMPARISON OF THE PASSENGER REVENUES AND EXPENSES OF THE CENTRAL RAILROAD
COMPANY OF NEW JERSEY, AS STATED AND REVISED, 1961

(Revised figures reflect changes in the basic freight-passenger separations
and the exclusion of the Pennsylvania head-end passenger trains)

Line No.	Acct. No.	Title	As Stated	Revised	Reduction
	(1)	(2)	(3)	(4)	(5)
Traffic					
68	351	Superintendence	\$ 60,490	\$ 60,490	-
69	353	Advertising	14,385	14,385	-
70	354	Traffic Associations	2,141	2,141	-
71	357	Insurance	125	125	-
72	358	Stationery & Printing	5,983	5,983	-
73	359	Other Expenses	758	758	-
74		TOTAL TRAFFIC	\$ 83,882	\$ 83,882	-
Transportation					
75	371	Superintendence	\$ 194,225	\$ 186,945	\$ 7,280
76	372	Dispatching Trains	97,283	81,748	15,535
77	373	Station Employees	1,510,829	1,437,878	72,951
78	376	Station Supplies & Expenses	186,618	182,046	4,572
79	377	Yardmasters & Yard Clerks	30,979	30,979	-
80	378	Yard Conductors & Brakemen	186,607	186,607	-
81	379	Yard Switch & Signal Tenders	17,715	17,715	-
82	380	Yard Enginemen	121,944	121,944	-
83	382	Yard Switching Fuel	25,650	25,650	-
84	385	Water for Yard Locomotives	33	33	-
85	386	Lubricants for Yard Locomotives	10,882	10,882	-
86	387	Other Supplies for Yard Loco's.	6,153	6,153	-
87	388	Enginehouse Expenses - Yard	13,887	13,887	-
88	389	Yard Supplies & Expenses	2,384	2,384	-
89	392	Train Enginemen	909,033	864,377	44,656
90	394	Train Fuel	510,161	476,273	33,888
91	397	Water for Train Locomotives	2,255	2,255	-
92	398	Lubricants for Train Locomotives	21,291	18,099	3,192
93	399	Other Supplies for Train Loco.'s	12,571	11,143	1,428
94	400	Enginehouse Expenses - Train	202,562	195,914	6,648
95	401	Trainmen	1,491,633	1,431,215	60,418
96	402	Train Supplies & Expenses	737,200	714,388	22,812
97	403	Operating Sleeping Cars	(17)	(17)	-
98	404	Signal & Interlocker Operations	204,687	181,988	22,699
99	405	Crossing Protection	36,417	30,827	5,590
100	406	Drawbridge Operations	20,873	17,539	3,334
101	407	Communication System Operation	36,002	33,183	2,819
102	408	Operating Floating Equipment	842,498	842,498	-
103	410	Stationery and Printing	19,557	18,849	708

COMPARISON OF THE PASSENGER REVENUES AND EXPENSES OF THE CENTRAL RAILROAD
COMPANY OF NEW JERSEY, AS STATED AND REVISED, 1961

(Revised figures reflect changes in the basic freight-passenger separations
and the exclusion of the Pennsylvania head-end passenger trains)

Line No.	Acct. No.	Title	As Stated (3)	Revised (4)	Reduction (5)
<u>Transportation (cont'd.)</u>					
104	411	Other Expenses	\$ 116,176	\$ 111,974	\$ 4,202
105	414	Insurance	47,702	46,152	1,550
106	415	Clearing Wrecks	149	149	-
107	416	Damage to Property	2,688	2,601	87
108	419	Loss and Damage - Baggage	9	9	-
109	420	Injuries to Persons	121,531	117,581	3,950
110	390	Operating Jt. Yards & Terminals-Dr.	6,448	5,550	898
111	391	Operating Jt. Yards & Terminals-Cr.	65,192	63,137	2,055
112	412	Operating Jt. Tracks & Fac. - Dr.	476,098	424,872	51,226
113	413	Operating Jt. Tracks & Fac. - Cr.	46,875	44,789	2,086
114		TOTAL TRANSPORTATION - RAIL LINE	\$8,110,646	\$7,744,344	\$ 366,302
<u>Miscellaneous Operations</u>					
115	441	Dining and Buffet Service	\$ 22,012	\$ 22,012	-
116		TOTAL MISCELLANEOUS OPERATIONS	\$ 22,012	\$ 22,012	-
<u>General</u>					
117	451	Salaries & Expenses of General Officers	\$ 82,349	\$ -	\$ -
118	452	Salaries & Expenses of Clerks and Attendants	237,691	-	-
119	453	Gen'l. Office Supplies & Expenses	22,364	-	-
120	454	Law Expenses	81,842	-	-
121	455	Insurance	425	-	-
122	457	Pensions and Gratuities	64,215	-	-
123	458	Stationery & Printing	11,963	-	-
124	460	Other Expenses	47,088	-	-
125	461	General Joint Facilities - Dr.	17,297	17,572	(275)
126	462	General Joint Facilities - Cr.	632	592	40
127		TOTAL GENERAL EXPENSES	\$ 564,602	\$ 536,200	\$ 28,402
128		GRAND TOTAL - RAILWAY OPERATING EXPENSES	\$12,826,896	\$12,028,646	\$ 798,250
129	532	Railway Tax Accruals	\$ 1,729,663	\$ 1,617,083	\$ 112,580

COMPARISON OF THE PASSENGER REVENUES AND EXPENSES OF THE CENTRAL RAILROAD
COMPANY OF NEW JERSEY, AS STATED AND REVISED, 1961

(Revised figures reflect changes in the basic freight-passenger separations
and the exclusion of the Pennsylvania head-end passenger trains)

Line No.	Acct. No.	Title	As Stated (3)	Revised (4)	Reduction (5)
	(1)	(2)			
		Rent Income			
130	504	Rent from Locomotives	\$ 19,539	\$ 11,715	\$ 7,824
131	505	Rent from passenger-train cars	92,075	76,427	15,648
132	507	Rent from Work Equipment	2,154	1,921	233
133	508	Joint Facility Rent Income	23,385	22,541	844
134		TOTAL RENT INCOME	\$ 137,153	\$ 112,604	\$ 24,549
		Rent Payable			
135	537	Rent for Locomotives	\$ 31,000	\$ 17,068	\$ 13,932
136	538	Rent for passenger-train cars	141,848	101,768	40,080
137	541	Joint Facility Rents	127,840	136,947	(9,107)
138		TOTAL RENTS PAYABLE	\$ 300,688	\$ 255,783	\$ 44,905
139		NET RENTS	\$ 163,535	\$ 143,179	\$ 20,356
140		TOTAL RAILWAY OPERATING EXPENSES, TAXES, AND RENTS	\$14,720,094	\$13,788,908	\$ 931,186
141		NET RAILWAY OPERATING DEFICIT	\$ 4,953,753	\$ 4,562,930	\$ 389,823

() Reverse entry

Comparison of the Percentage Distribution of Section Labor
for a Three Month Test Period vs. a Twelve Month Period
(April-June 1961 vs. 12 Months ending June 1961)

Account (1)	Central Division			Pennsylvania Division		
	April- June 1961 Test (2)	12 Months Ending June 1961 (3)	Differ- ence Col (3)-(2) (4)	April- June 1961 Test (5)	12 Months Ending June 1961 (6)	Differ- ence Col (6)-(5) (7)
201 Und	6.52	7.99	1.47	4.83	5.49	.66
202 Rd Pass	.34	.23	(-) .11	-	-	-
Rd Frt	3.78	3.03	(-) .75	2.73	2.22	(-) .51
Rd Und	4.81	5.68	.87	4.05	7.37	3.32
202 Yd Frt	.58	.52	(-) .06	.78	.54	(-) .24
208 Rd Und	.29	.41	.12	.04	.18	.14
214 Rd Pass	.13	.11	(-) .02	-	-	-
Rd Frt	1.19	.94	(-) .25	.24	.27	.03
Rd Und	1.14	1.40	.26	4.11	3.89	(-) .22
216 Rd Pass	.65	.36	(-) .29	-	-	-
Rd Frt	2.17	2.01	(-) .16	.98	1.03	.05
Rd Und	1.80	2.00	.20	2.92	3.16	.24
Rd Frt	-	-	-	.87	.79	(-) .08
218 Rd Frt	-	.01	.01	-	-	-
Rd Und	.15	.08	(-) .07	.44	.34	(-) .10
220 Rd Pass	3.83	3.02	(-) .81	.14	.04	(-) .10
Rd Frt	22.54	18.87	(-) 3.67	11.76	10.77	(-) .99
Rd Und	33.94	34.44	.50	53.05	51.37	(-) 1.68
Yd Frt	6.34	5.43	(-) .91	3.19	4.35	1.16
221 Und	.08	.10	.02	-	.03	.03
227 Pass	.30	1.73	1.43	.54	.25	(-) .29
Frt	-	.01	.01	.55	.17	(-) .38
Und	.13	.05	(-) .08	.85	.37	(-) .48
Pass Lib. St.	-	.01	.01	-	-	-
235 Frt	-	-	-	-	.04	.04
Und	-	-	-	.57	.54	(-) .03
247 Und	-	.02	.02	-	-	-
249 Frt	-	.04	.04	.09	.05	(-) .04
Und	-	.09	.09	.66	.52	(-) .14
257 Und	.17	.06	(-) .11	.11	.06	(-) .05
269 Und	.57	.77	.20	.37	.24	(-) .13
271 Und	-	.02	.02	.14	.11	(-) .03
273 Frt	-	-	-	-	.03	.03
Und	1.24	1.19	(-) .05	1.23	.66	(-) .57
277 Und	-	.07	.07	-	-	-
314 Frt	-	-	-	-	.09	.09
326 Und	-	.03	.03	.12	.10	(-) .02
328 Und	-	.02	.02	-	-	-
373 Frt	-	.07	.07	-	-	-

Comparison of the Percentage Distribution of Section Labor
for a Three Month Test Period vs. a Twelve Month Period
(April-June 1961 vs. 12 Months Ending June 1961)

Account	Central Division			Pennsylvania Division		
	April- June 1961 Test	12 Months Ending June 1961	Differ- ence Col (3)-(2)	April- June 1961 Test	12 Months Ending June 1961	Differ- ence Col (6)-(5)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
375 Frt Dock 18	-	.05	.05	-	-	-
379 Pass	.63	.68	.05	-	-	-
Frt	3.70	4.85	1.15	2.58	2.47	(-) .11
Und	-	-	-	-	.36	.36
376 Pass	-	.02	.02	-	-	-
Und	-	.03	.03	-	.04	.04
399 Und	-	.04	.04	-	-	-
402 Frt	2.38	2.73	.35	1.63	1.39	(-) .24
404 Frt	-	.17	.17	-	-	-
Und	.60	.47	(-) .13	.43	.48	.05
405 Und	-	-	-	-	.10	.10
406 Und	-	.13	.13	-	-	-
416 Und	-	.01	.01	-	-	-
454 Und	-	.01	.01	-	-	-
Stores Und	-	-	-	-	.09	.09
Pass	5.88	6.16	.28	.68	.29	(-) .39
Frt	42.68	38.73	(-) 3.95	25.40	24.21	(-) 1.19
Und	51.44	55.11	3.67	73.92	75.50	1.58
Total	100.00	100.00	-	100.00	100.00	-

Source: Basic company records.

Und means undivided.
Pass means passenger.
Frt means freight.

Comparison of the Percentage Distribution of Signal Labor
for a Six Month Test Period vs. a Twelve Month Period
(May-October 1960 vs. 12 Months Ending with June 1961)

Account (1)	Central Division			Pennsylvania Division		
	May- October 1960 Test (2)	12 Months Ending June '61 (3)	Differ- ence Col (3)-(2) (4)	May- October 1960 Test (5)	12 Months Ending June '61 (6)	Differ- ence Col (6)-(5) (7)
201 Und	13.19	12.57	(-) .62	10.85	9.20	(-) 1.65
247 Frt	.05	-	(-) .05	-	-	-
Und	.36	.40	.04	.09	-	(-) .09
249 Pass	12.37	11.06	(-) 1.31	1.67 <u>1/</u>	- <u>1/</u>	(-) 1.67
Frt	3.90	4.54	.64	43.29 <u>1/</u>	.82 <u>1/</u>	(-) 42.47 <u>1/</u>
Und	63.66	64.17	.51	-	43.79 <u>1/</u>	43.79 <u>1/</u>
257 Und	.01	.03	.02	-	-	-
277 Und	.03	-	(-) .03	-	-	-
311 Und	.09	.03	(-) .06	.01	-	(-) .01
379 Frt	1.33	2.12	.79	10.65	9.56	(-) 1.09
Und	-	.04	.04	-	-	-
404 Frt	-	.26	.26	-	-	-
Und	5.01	4.78	(-) .23	33.44	36.63	3.19
Pass	12.37	11.06	(-) 1.31	1.67	-	(-) 1.67 <u>2/</u>
Frt	5.28	6.92	1.64	53.94	10.38	(-) 43.56 <u>2/</u>
Und	82.35	82.02	(-) .33	44.39	89.62	45.23 <u>2/</u>
Total	100.00	100.00	-	100.00	100.00	-

1/ The percentage distribution as shown for the test period and the full 12 months reflects a clerical error. The test period actually developed 1.67 percent freight and 43.29 percent undivided, but through error the 1.67 percent and the 43.29 percent were assigned to passenger and freight, respectively. The results of the test period as compared with the full 12 months, excluding this clerical error, are as follows:

Account (1)	Test Period (2)	Full 12 Months (3)	Difference (4)
249 Pass	-	-	-
249 Frt	1.67%	.82%	(-) .85%
249 Und	43.29	43.79	.50

2/ This difference is due principally to the clerical error noted in footnote 1.

SOURCE: Basic company records.

Und means undivided.
Pass means passenger.
Frt means freight.

Comparison of the Percentage Distribution of Telephone, Telegraph and Communications Labor for a Six Month Test Period vs.
a Twelve Month Period
(May-October 1960 vs. 12 months ending June 1961)

Account (1)	Central Division			Pennsylvania Division		
	May- October 1960 Test (2)	12 Months Ending June 1961 (3)	Differ- ence Col (3)-(2) (4)	May- October 1960 Test (5)	12 Months Ending June 1961 (6)	Differ- ence Col (6)-(5) (7)
201 Und	4.12	4.08	(-) .04	-	-	-
227 Pass	1.55	1.80	.25	3.01	1.32	(-) 1.69
Frt	.50	.63	.13	.45	.69	.24
Und	.53	.54	.01	.26	-	(-) .26
Pass-Lib. St.	.01	.11	.10	-	-	-
235 Und	.07	.06	(-) .01	.58	.83	.25
243 Frt-Dock 18	.08	.18	.10	-	-	-
247 Pass	.09	.05	(-) .04	-	-	-
Frt	2.69	2.74	.05	2.98	2.37	(-) .61
Und	17.56	18.08	.52	38.07	41.81	3.74
249 Pass	.10	.39	.29	-	-	-
Frt	-	.01	.01	-	-	-
Und	1.05	1.05	-	.23	.99	.76
253 Pass-JC Plant	.15	.09	(-) .06	-	-	-
Und-E.Port	.03	.01	(-) .02	-	-	-
Und-Communipaw	.03	.01	(-) .02	-	-	-
Frt-Dock 18	.01	-	(-) .01	-	-	-
229 Und	-	.02	.02	-	-	-
311 Und	1.88	1.90	.02	19.31	19.88	.57
314 Frt	1.86	1.63	(-) .23	18.65	17.45	(-) 1.20
323 Pass-Ferry- boats	.94	.86	(-) .08	-	-	-
328 Und	.02	.07	.05	.17	.57	.40
352 Frt	.86	.86	-	-	-	-
375 Frt-Dock 18	.55	.33	(-) .22	-	-	-
389 Pass	.05	.05	-	-	-	-
Frt	2.05	1.96	(-) .09	11.70	10.35	(-) 1.35
404 Frt	.03	.11	.08	4.59	3.74	(-) .85
Und	5.04	5.09	.05	-	-	-
407 Und	53.31	52.52	(-) .79	-	-	-
408 Frt-Tugs	.38	.28	(-) .10	-	-	-
452 Und	4.46	4.47	.01	-	-	-
460 Und	-	.02	.02	-	-	-
Pass	2.89	3.35	.46	3.01	1.32	(-) 1.69
Frt	9.01	8.73	(-) .28	38.37	34.60	(-) 3.77
Und	88.10	87.92	(-) .18	58.62	64.08	5.46
Total	100.00	100.00	-	100.00	100.00	-

SOURCE: Basic company records.

Und means undivided. Pass means Passenger. Frt means freight.

DISTRIBUTION OF MAINTENANCE OF EQUIPMENT LABOR
AT CAR SERVICING POINTS AND ENGINE TERMINALS,
DECEMBER 1961 PAYROLL

Location (1)	Total Charges (2)	Directly Assigned ^{1/} (3)	Distributed on Basis of Tests ^{2/}		
			Wholly Passenger ^{3/} (4)	Wholly ^{3/} Freight (5)	Freight & ^{3/} Passenger (6)
<u>Car Servicing Points</u>					
E Port Car - Passenger	\$ 1,806	\$ 1,806	-	-	-
E Port Car - Freight	59,494	59,494	-	-	-
Jersey City- Pass.& Lite	52,954	-	\$ 52,954	-	-
Jersey City - Freight	46,870	-	-	\$ 46,870	-
E Port Ave. - Yard	18,587	-	-	-	\$ 18,587
Plainfield Car	366	-	366	-	-
Raritan Car	1,263	-	1,263	-	-
Brills	1,229	-	-	1,229	-
Phillipsburg Car	2,320	-	-	2,320	-
Pt. Johnson	1,522	-	-	-	1,522
Wharton	693	-	-	693	-
Bound Brook	1,166	-	-	1,166	-
Atl. Highlands	613	-	613	-	-
Red Bank	564	-	-	-	564
Bridgeton	640	-	-	640	-
Ashley Car Shop	12,180	-	-	-	12,180
Allentown Yard	56,892	-	-	-	56,892
Bethlehem Jct.	2,020	-	-	2,020	-
Ashley Insp.	2,714	-	-	2,714	-
Hazard Insp.	435	-	-	435	-
Hauto Insp.	460	-	-	460	-
Ashley Dist. Insp.	1,968	-	-	1,968	-
Wilkes-Barre Car	2,274	-	-	-	2,274
Taylor Insp.	2,283	-	-	-	2,283
Jim Thorpe Insp.	3,428	-	-	3,428	-
TOTAL CAR SERVICING POINTS	\$274,741	\$61,300	\$55,196	\$63,943	\$94,302
PERCENT DISTRIBUTION	100%	22.31%	20.09%	23.27%	34.33%

DISTRIBUTION OF MAINTENANCE OF EQUIPMENT LABOR
AT CAR SERVICING POINTS AND ENGINE TERMINALS,
DECEMBER 1961 PAYROLL

Location (1)	Total Charges (2)	Directly Assigned ^{1/} (3)	Distributed on Basis of Tests ^{2/}		
			Wholly Passenger ^{3/} (4)	Wholly Freight ^{3/} (5)	Freight & Passenger ^{3/} (6)
<u>Engine Points</u>					
Communipaw 4/	\$101,294	\$ 70,988	-	-	\$ 30,306
E. Port Loco.	80,928	80,928	-	-	-
Plainfield	1,624	-	-	-	1,624
Raritan	3,253	-	-	-	3,253
Atl. Highlands	998	-	-	-	998
Red Bank	822	-	-	-	822
Bridgeton	784	-	-	-	784
Bethlehem Engine	44,498	44,498	-	-	-
Ashley	8,589	-	-	-	8,589
Jim Thorpe	4,991	-	-	-	4,991
Scranton	2,113	-	-	-	2,113
TOTAL ENGINE POINTS	\$249,894	\$196,414	-	-	\$ 53,480
PERCENT DISTRIBUTION	100%	78.60%	-	-	21.40%
<u>Other</u>					
J.C. Service Plant	\$ 5,676	\$ 5,676	-	-	-
Dock 18	6,376	6,376	-	-	-
Coal Dumper	6,984	6,984	-	-	-
Electric Engineers	14,963	14,963	-	-	-
Dock 11 - Auto	834	834	-	-	-
E Port - Auto	3,386	3,386	-	-	-
Bethlehem - Auto	1,355	1,355	-	-	-
Cent. & Pa.Div. Stores	26,560	26,560	-	-	-
TOTAL OTHER	\$ 66,134	\$ 66,134	-	-	-
PERCENT DISTRIBUTION	100%	100%	-	-	-
GRAND TOTAL	\$590,769	\$323,848	\$55,196	\$63,943	\$147,782
PERCENT DISTRIBUTION	100%	54.82%	9.34%	10.82%	25.02%

FOOTNOTES

- 1/ The charges are assigned to primary accounts and further separated among freight, passenger and common on the basis of the direct labor distribution.
- 2/ The test consists of the percentage distribution of the direct assignment of the individual charges to the primary accounts, separated among freight, passenger and common facilities for the periods indicated. The test period of June 12-18, 1960, was used for January through October, 1961, and August 27-September 2, 1961, for November through December 1961.
- 3/ At passenger points the tests are used as a basis of distribution to individual primary expense accounts, but in all cases the distribution is 100% to passenger service. In the case of freight points the charges are to various accounts, but always 100% freight.

Any deficiency in the tests would not affect the basic freight and passenger separations.

At points that are not 100% freight or 100% passenger the use of tests affects the distribution between freight and passenger as well as between accounts. The amounts for these points are shown in Col. (6).

- 4/ A complete distribution was made in January 1961. The test period of July through November 1960 was used for February through October 1961, and October 22-28, 1961 for November and December of 1961.

E. Port means Elizabethport.

Comparison of the Percentage Distribution of Labor Charges
at Car Servicing Points and Engine Terminals Common to
Freight and Passenger Services for Three Test Periods

<u>Item</u> (1)	<u>Test Periods 2/</u>		
	<u>Effective</u> <u>May 1, 1959</u> (2)	<u>Effective</u> <u>Sept 1, 1960</u> (3)	<u>Effective</u> <u>Nov 1, 1961</u> (4)
<u>E. Port Ave. (Payroll Dec 1961 = \$18,587)</u>			
Account 314 Frt	55%	57%	58%
402 Frt	43	42	41
402 Pass	2	1	1
<u>Port Johnson-Bayonne (Payroll Dec 1961 = \$1,522)</u>			
Account 314 Frt	69%	70%	50%
402 Frt	23	22	44
402 Pass	8	8	6
<u>Red Bank (Payroll Dec 1961 = \$564)</u>			
Account 314 Frt	89%	76%	65%
373 Frt	-	-	14
402 Frt	11	24	-
402 Pass	-	-	21
<u>Ashley Car Shop (Payroll Dec 1961 = \$12,180)</u>			
Account 301 Und	1/	8%	-
311 Und	1/	-	1%
314 Frt	1/	85	79
373 Frt	1/	1	13
400 Frt	1/	-	1
402 Frt	1/	6	6
<u>Allentown Yard (Payroll Dec 1961 = \$56,892)</u>			
Account 314 Frt	70%	68%	69%
317 Pass	1	1	1
373 Frt	1	2	1
402 Frt	27	28	28
402 Pass	1	1	1
<u>Wilkes-Barre (Payroll Dec 1961 = \$2,274)</u>			
Account 314 Frt	49%	39%	38%
317 Pass	5	4	6
373 Frt	-	-	22
402 Frt	42	48	27
402 Pass	4	9	7
<u>Taylor Inspection Point (Payroll Dec 1961 = \$2,283)</u>			
Account 314 Frt	57%	57%	56%
317 Pass	5	9	6
402 Frt	29	29	29
402 Pass	9	5	9

Comparison of the Percentage Distribution of Labor Charges
at Car Servicing Points and Engine Terminals Common to
Freight and Passenger Services for Three Test Periods

<u>Item</u> (1)	<u>Test Periods 2/</u>		
	<u>Effective</u> <u>May 1, 1959</u> (2)	<u>Effective</u> <u>Sept 1, 1960</u> (3)	<u>Effective</u> <u>Nov 1, 1961</u> (4)
<u>Plainfield (Payroll Dec 1961 = \$1,624)</u>			
Account 311 Und	46%	56%	56%
400 Und	28	30	30
402 Pass	26	14	14
<u>Atlantic Highlands (Payroll Dec 1961 = \$998)</u>			
Account 311 Und	19%	30%	52%
317 Pass	31	30	12
394 Pass	19	20	16
400 Pass	31	20	20
<u>Red Bank (Payroll Dec 1961 = \$822)</u>			
Account 311 Und	54%	72%	73%
394 Und	17	10	9
400 Und	29	18	18
<u>Bridgeton (Payroll Dec 1961 = \$784)</u>			
Account 311 Und	65%	54%	54%
394 Und	2	-	-
394 Frt	-	11	11
400 Und	28	-	-
400 Frt	-	35	35
402 Frt	5	-	-
<u>Ashley Engine (Payroll Dec 1961 = \$8,589)</u>			
Account 227 Und	-	1%	1%
233 Und	-	1	1
235 Und	-	2	2
301 Und	9%	11	11
302 Und	3	4	3
311 Frt	41	45	45
394 Und	7	8	10
400 Und	40	28	27
<u>Jim Thorpe (Payroll Dec 1961 = \$4,991)</u>			
Account 311 Und	51%	48%	39%
394 Und	15	19	20
400 Und	34	33	41
<u>Raritan (Payroll Dec 1961 = \$3,253)</u>			
Account 311 Und	23%	27%	30%
400 Und	37	51	51
402 Pass	40	22	19

Comparison of the Percentage Distribution of Labor Charges
at Car Servicing Points and Engine Terminals Common to
Freight and Passenger Services for Three Test Periods

<u>Item</u> (1)	<u>Test Periods 2/</u>		
	<u>Effective</u> <u>May 1, 1959</u> (2)	<u>Effective</u> <u>Sept 1, 1960</u> (3)	<u>Effective</u> <u>Nov 1, 1961</u> (4)
<u>Scranton (Payroll Dec 1961 = \$2,113)</u>			
Account 311 Und	26%	16%	23%
314 Frt	-	8	8
317 Pass	-	8	4
394 Und	3	9	6
400 Und	48	51	55
402 Frt	4	-	-
402 Pass	19	8	4

1/ Direct distribution made.

2/ Dates indicate when the results of the three tests (usually one week periods) were applied for purposes of distributing the maintenance of equipment payrolls at the points indicated.

SOURCE: Basic company records.

Und means undivided.
Pass means passenger.
Frt means freight.

DEVELOPMENT OF FREIGHT AND PASSENGER GROSS TON-MILES ON
THE NEW YORK AND LONG BRANCH RAILROAD, SOLELY-RELATED
FREIGHT BRANCHES AND FREIGHT TRANSFER RUNS, 1961

Passenger

The passenger gross ton-miles were developed for the movement over the New York and Long Branch Railroad for the following 7 days used by the I.C.C. in its recent study of U.S. train weights (freight). The days used were as follows:

Sunday, April 9, 1961
Monday, June 5, 1961
Tuesday, July 25, 1961
Wednesday, September 20, 1961
Thursday, October 19, 1961
Friday, December 8, 1961
Saturday, February 10, 1962

The gross ton-miles for passenger cars by type of equipment (coach, combine, baggage and Budd cars) were developed for each of the trains operated over the Long Branch during the test dates. The applicable car weight was applied to the car-miles for the tare weight portion of the gross ton-miles. The ton-miles applicable to the passengers were developed by applying a weight of 150 lbs. per passenger to the passenger-miles over the New York & Long Branch for the 7 test dates. The passenger miles were based on the count of passengers per car which was determined by dividing the system passenger-miles for 1961 by the system car-miles (a factor of 0.67 was applied to the combination car-miles). The passenger locomotive gross ton-miles for the 7 test dates were developed by applying the weight for the applicable type of locomotive to the miles operated for each train during the test dates.

A study was made of all race track trains operating over the New York and Long Branch during June, July and August 1961. The car (tare) gross ton-miles, passenger gross ton-miles and locomotive gross ton-miles were developed in the same manner as shown above for the regular service in this area.

Freight

Each Jersey Central freight train operated on the New York and Long Branch was studied during the 7-day test period. The locomotive unit miles were developed and multiplied by the weight for the type of locomotive units involved. The gross ton-miles of cars, contents, and cabooses by station-to-station movements, as shown on the individual train sheets, were aggregated. The freight gross ton-miles were similarly aggregated for the train movements on the solely related freight branches of the Jersey Central.

The gross ton-miles for the transfer runs between Jersey City, Elizabethport and Newark were based on station reports, showing the cars received and forwarded at each point separately for loaded cars and empty cars. The reports at each point were compared for each of the 7 days to avoid duplications in car counts. The accumulated car miles for all runs for each of the test dates were multiplied by the following factors:

Caboose car-miles	16 tons
Loaded car-miles	35 tons
Empty car miles	23.1 tons

The locomotive unit-miles were multiplied by the weight by type of locomotive in order to develop locomotive gross ton-miles for the transfer runs.

Summary

The gross ton-miles developed for each of the test dates were multiplied by the number of Sundays and holidays, Mondays, etc. in 1961 to arrive at the annual figure. A comparison of the system freight gross ton-miles for 1961 with the annual expanded 7-day gross ton miles (from I.C.C. study figures) showed the system figure to be 92.71 percent of the expanded 7-day figure. This factor of 92.71 percent was applied to the freight gross ton-miles as developed on the New York and Long Branch, and for the Jersey Central's solely-related branch lines and divisions and the above described freight transfer runs. No adjustment was made to the passenger train gross ton-miles.