State of New Jersey

BOARD OF
PUBLIC UTILITY COMMISSIONERS

To The Honorable A. Harry Moore, Governor
of the State of New Jersey:

Sir:

The twenty-third annual report for the year ending December 31, 1932, is respectfully submitted by the Board of Public Utility Commissioners.

With the existing economic depression, which has affected the incomes of citizens generally, likewise revenues of operating public utilities under the jurisdiction of this Board, many problems of readjustment have been considered and disposed of during the past twelve months.

There has been a very material increase in the number of informal complaints which relate largely to alleged excessive bills from consumers of public utility commodities. There has also been, in the course of the past year, more or less of a concentrated objection to the present rate schedules of several utilities which have in a large measure been considered and accordingly disposed of by the Board.

Acting in response to complaints from many municipalities, the Board and its Staff have been engaged in a complete study of the revenues and earnings of the larger utility operating companies for the purpose of ascertaining whether existing rates produce an excessive rate of return. In this connection, there has been filed by Public Service Electric and Gas Company, as the result of conference and negotiations with officials of the company, and the Board, a new schedule of rates which it is estimated will produce a saving to consumers of electricity and gas of $2,000,000. This reduction followed a re-adjustment of rates to be effective January, 1932, in the sum of approximately $750,000. which also resulted from negotiations brought about by the Board.

The new schedule eliminated protracted and expensive rate proceedings which in the past have been found to produce not only doubtful results but long delayed benefit to consumers. Likewise, any proposal looking to adjustment of public utility rates raises problems of extreme difficulty and involves con-

sideration of many uncertain complicating factors.

During the past year, there has been a marked decline in revenues affecting all public utilities generally. Whether this decline will progressively increase, remain stationary, or improve, is a question that cannot be answered at this time with any degree of assurance. In projecting the problem of rate reduction, the Board must be guided by the principle that rates are designed to produce a revenue for a public utility company adequate to afford it a return sufficient to enable it to efficiently carry on business.

Rates are always projected into the future and, under normal economic conditions, the future can be estimated with a fair degree of accuracy. Present conditions put the future and the estimates of prospective results of operation in serious doubt.

Resolutions by municipalities, Chambers of Commerce and other commercial and civic bodies have been received in large numbers calling upon the Board to reduce electric, gas, water and other rates for utility services. These resolutions reflect in sentiment conditions which are not unnatural in view of present economic stress, and the Board has been busily engaged in lending every aid and assistance to such complaints by a continuous study of rates and earnings of the companies concerned. In the study which has been given the entire subject, the Board is not unmindful of the fact that rates for utility services have, from time to time, been materially reduced in many instances. In addition to the annual financial statement required to be filed by companies with the Board, there has been secured voluminous data, which definitely shows the revenues, expenses of operation, and maintenance of most of the utilities.

Under the settled decisions of the Court, State and Federal, which of course bind the Board, the utility companies are entitled to earn a fair return upon the fair value of the property used and useful in furnishing the service. This rule applies with equal force in times of depression and prosperity. Rates cannot be reduced merely at the will or desire of the Board, nor solely because there has been a general decline in the cost of commodities and services. To fix rates that will afford a fair return, an inventory of the tangible property and appraisal of its intangible elements is required and

this task necessarily requires an investigation of great magnitude.

The Board is continuing its policy of exacting at frequent intervals current financial reports in addition to the annual reports, which are subjected to careful analysis by the staff and where it is found that the facts reasonably indicate that reductions should be made, demands are made upon the companies to readjust rate schedules. Rates have not in general remained unreduced over a long period of years, as is rather the public impression. The records of this Board disclose many instances of reduction effected in past years, and brought about through action by the Board. The general trend in the past eight years has been to lower rate levels.

PUBLIC UTILITY HOLDING COMPANIES

During the past year throughout the country a number of public utility holding companies have met with financial reverses and several of them have gone into receiverships. The effect of such financial difficulties experienced by holding companies has in some instances unduly affected operating companies in their ability to render adequate and efficient service at proper rates. In no instance, however, have the financial difficulties of any holding company materially affected the service or rates of any of the operating companies of this State. During the past year, however, in the light of these conditions, it has become necessary for the Board to render unusual service and attention to the affairs of operating companies in this State and to intervene and prevent practices that might otherwise disable operating companies from carrying on their business of rendering adequate and efficient service to the public.

As a result of these investigations by the Board, some conditions have developed which, in the judgment of the Board, require specific legislation to prevent foreign holding companies, over which the Board has no jurisdiction, from controlling the activities of the operating companies in a manner that would be detrimental to the public good. It appears in the past that holding companies' charges for supervision and management services have in some instances been excessive and beyond the true value of such service. In other instances it appears that the funds of operating companies have been, through the direction of the holding companies, invested in the corporate securities of other affiliated operating companies in the holding company system, thereby virtually performing

the function of the holding company. Such practices should not be permitted to continue. It is obvious that the investment by operating companies in the stocks or bonds of other utility companies outside of the State, and concerning which the Board has no information as to the security of such companies, makes such investments speculative and risks the financial stability or instability of operating or holding companies in other states in which they have invested their funds. While the statute of this State requires Depreciation Reserves to be invested in the property of the Company, there is some question of doubt as to whether the Board has any control over free Corporate Surplus Funds. It is recommended that public utilities of this State shall not be permitted to invest funds of any kind in the Corporate Securities of any other public utility of this or any other state, nor invest funds in any manner other than in its property, except upon the approval of this Board. The Board will prepare and submit drafts of legislation, the purpose of which will be to circumscribe the powers of holding companies over operating companies' activities along the lines herein discussed.

CONSOLIDATION OF RAILROAD OPERATION IN SOUTH JERSEY

A joint resolution of the Legislature, passed in 1931 (P. L. 1931, p. 1268), called upon the Board of Public Utility Commissioners to make a study and to report recommendations upon the problem of the consolidation of the Pennsylvania and Reading railroad systems operating in the Counties of Burlington, Camden, Ocean, Atlantic, Cape May, Salem, Cumberland and Gloucester, to the end that duplicate railroad operations might be eliminated, union stations established, and the operations in Southern New Jersey so consolidated as to promote more efficient and economic service.

Such an investigation was made by the Board and a complete detailed study, together with recommendations, was submitted to the Governor and the Legislature in January, 1932. In accordance with the recommendations contained therein, the Board, with the active assistance of the Governor, entered into a number of conferences with the representatives of the railroad companies and the representatives of municipalities and other civic organizations in Southern New Jersey concerning the problem. As a result thereof, in the month of November of this year, the Board, with the assistance of the Governor and with the

cooperation of the officials of the Railroad Companies, brought about an agreement between the railroad systems, the purpose of which is to carry out the proposals contained in the joint resolution of the Legislature and is in substantial accord with the recommendations made by the engineers who conducted the study for the Board.

The proposed consolidation is now pending before the Interstate Commerce Commission awaiting its approval and in those proceedings the Board has intervened on behalf of the State in accordance with recommendations of the Governor to assist in obtaining from the Interstate Commerce Commission the approval of the plans of consolidation and operation as proposed before the Interstate Commerce Commission.

RAILROAD GRADE CROSSINGS

In the inaugural address of the Governor in January, 1933, comment was made indicating a policy to defer or suspend the action of the State in grade crossing elimination work during the present economic distress which has materially affected the railroad systems of the State. The Board has stressed such pronouncement by the Governor to be the declared policy of the State. In such proceedings that were pending before the Board during the past year, the railroad companies have filed their financial statements indicating the great decline in revenue and their inability to finance beyond the immediate requirements of railroad operation, and while there is still pending several projects of elimination work, the Board has suspended temporarily the operation of outstanding orders for new work of elimination.

The Board does not believe that the State should pursue activities of this nature under circumstances that may bankrupt the railroad companies or otherwise affect their ability to carry on with efficient service to the public. This does not mean that the activities of the Board in this direction will entirely cease, as there is presently projected substantial grade crossing work to be completed during the coming year. Until, therefore, the present economic conditions have been materially bettered, the Board will act in only such matters where the extreme necessities of the case require action in relation to grade crossing elimination.

In the administration and accomplishment of railroad grade crossing elimination, the Board has been confronted with the serious financial situation of the several railroads, involved in the program of work, which was adopted in 1931. There has been set up to the credit of the grade crossing elimination fund, the sum of $2,000,000. This entire amount has been allocated to provide the State's share of the cost of the several projects. There has been expended up to and including September 1, 1932, approximately $400,000. in connection with the elimination of the following grade crossings:

Main Avenue, Lodi
Passaic Avenue, Kearny
Lincoln Avenue, Long Branch
Elizabethport
Park Avenue, South Plainfield
Springfield Avenue, New Providence

It is the duty of this Board, under the law providing for the elimination of grade crossings and the payment by the State of one-half the cost, to carry out the declared policy of the State within the provisions of the statute. It is an undisputed fact that any and all grade crossings are dangerous and in making a selection of the crossings to be eliminated, it has been kept in mind that only a small percentage of the grade crossings in the State can be eliminated each year. It is of vital importance that the comparative dangers of all of them be studied, with the result that the most dangerous crossings are given precedence. Full consideration has been given to the financial condition existing at this time, applicable to nearly every railroad in New Jersey. By reason of this existing financial embarrassment, the Board has temporarily deferred the issuance of further orders, until such time as the financial ability of the railroads to pay their share of the cost improves.

RAILROAD COMMUTATION RATES

The Board concluded the hearings on the petition of The Delaware, Lackawanna and Western Railroad Company to increase commuter rates between points in New Jersey and New York City and the Interstate Commerce Commission approved the rates becoming effective. In that proceeding, many of the municipalities petitioned for a commuter rate of fare between points in New Jersey and Hoboken due to the fact that the ferry service which is included in the monthly commuter tickets is not available to a large majority of commuters and does not lend itself to the riding habits of many of them. A small percentage of commuters

travel to Hoboken but many interstate commuters resident in New Jersey continue their journey to New York City via the Hudson and Manhattan Tubes, which involves an extra fare over and above the commutation ticket which includes the journey to New York. They contend that they are in this manner obliged to pay twice for the journey between Hoboken and New York City.

The Erie Railroad Company recently filed an increase in the rate schedule for commuters between points in New Jersey and New York City. This likewise would present the same problem involving many passengers who pay for the ferry service but are obliged to use the Hudson and Manhattan Tubes to continue their interstate journey.

Following the completion of The Delaware, Lackawanna and Western case, the Board gave consideration to the matter of initiating a proceeding for the purpose of determining a rate of fare to interstate commuters which would obviate the charge for ferry services not adaptable to their riding habits. The preliminary investigation conducted by the Board indicated that the problem was one of considerable magnitude and complexity, and it became evident that the Board could not pursue the matter without engaging the services of consulting engineers to develop the proper facts and proof upon which a hearing might be conducted. It is apparent with other railroads in New Jersey that any further changes in commuter rates will present a similar problem and that the question of the proper charge for commuter fares between the Hudson River water front and other points in New Jersey to passengers who continue their journey to New York City should be settled. The Board's appropriation during the present year did not permit the engagement of additional services of consulting engineers to assist its staff in matters of this kind. A great many thousand commuters in Northern New Jersey are affected by this situation, and it is recommended that the Legislature make a suitable appropriation, available at once, so that the Board may engage upon such proceedings as may be necessary to determine this question. This is not a matter that the Board's staff, in addition to other duties, can perform with efficiency in the light of the great magnitude of other work that has been cast upon it during the past year. Rate cases of this kind are of an extremely technical nature and require the services of experts experienced in such proceedings.

INFORMAL COMPLAINTS

Over 1200 informal complaints were received during the year from customers of electric, gas, water, telephone and sewer companies, of which about 18% referred to applications for extensions of the company's facilities and over 57% to bills rendered for service which may be classified as high bills, disputed charges, applications for meter tests and application of rate schedules. Many complaints were received referring to deposits requested by utilities to guarantee payments of bills, and others referring to denial of service due to non-payment of bills. If these complaints are added to the above, the complaints referring to billing will approximate 75% of the total received.

The above figures show a continuation of the downward trend in the number of complaints received referring to electric line and gas and water main extensions; and the upward trend of those referring to billing. This is undoubtedly due to present economic conditions. The number of applications made for extensions of the companies' facilities has decreased with the curtailment of building operations; and the increase in the number of complaints which refer to charges for service is probably due to the necessity for economy in the present crisis. The remaining complaints, about 7% of the total, refer to the quality of service, reasonableness of the companies' rules, interruptions in service, removal of electric and telephone poles, directory listing of telephone subscribers' names, installation of telephone pay stations, street lighting and radio interference. There has been a notable increase in the number of complaints referring to denial of service, where the cause of denial was due to alleged theft of current or gas.

In addition to the complaints referred to above, which were made in writing, about 150 verbal complaints were received at the Newark office. These were settled without requiring the customer to file a written complaint. Practically all of these complaints were made by customers who were unable to pay the bills rendered by the company at the specified time and who requested that the time for payment be extended. Such complaints were promptly taken up with the company and arrangements made for an extension of credit.

INSPECTION OF PLANTS

Periodic inspections of plants and distribution systems of the gas, electric and water companies were made by the Board's Engineers. Periodic tests were also made of the standards used by utilities for testing customers' meters. Tests were also made of the heating value of the gas, usually at the time the plant inspections were made, but more frequently in connection with specific complaints of poor gas service.

The Board's rules require that customers' meters be tested periodically by the company, records kept of all tests and a summary filed with the Board monthly. These records show the accuracy of measurements of customers' meters and indicate that the companies are testing meters in accordance with the rules of the Board.

GAS UTILITIES

The additions to plant equipment during the year were very few, as the companies are all working on reduced budgets, due to the falling off in the demand for the companies' product. The Public Service Electric & Gas Company estimated an expenditure of $300,000 during the year 1932, to be used for the construction of gas mains to be laid in advance of street paving operations; and $100,000 to lay mains to improve pressure conditions and to take care of special conditions arising from construction of sewers, water mains, grade crossing eliminations and other work of similar character. The records show, however, that it was necessary to spend only $40,000 for mains laid in advance of pavement and $35,000 for mains laid under special conditions; due to the curtailment of municipal construction and street paving operations by the various municipalities. The only major gas extension made by the company during the past year was an extension to service Allentown in Monmouth County.

WATER SERVICE DIVISION

During the past year an unusually dry summer season was experienced, which resulted in some cases, of unprecedented demands for water service. In

spite of this condition, companies under the jurisdiction of this Board, practically without exception, were able to maintain continuous and adequate service. Encouragement in past years by the Board, in proper development of water resources and establishment of metered service, have contributed in a large measure, to the possibility of maintaining a record of continuous and adequate service. The wisdom of such a policy during a period of comparatively cheap money, becomes especially significant and important at the present time, when it is extremely difficult to finance plant improvements, through the issuance of new securities, excepting at interest rates, which would no doubt unduly burden the company and the rate payer for a long future period.

More people have apparently experienced difficulty in payment of their just bills for necessary utility service, due to existing conditions. Realizing this situation early in the year, this Department has been successful in [illegible] the cooperation of water companies in relaxing credit regulations wherever investigation indicated such action proper. This has no doubt, relieved to some extent, local relief expenditures.

ELECTRIFICATION OF RAILROADS

The electrification of the main line of the Pennsylvania Railroad through New Jersey was completed this Fall. Multiple unit local trains were put in operation between New Brunswick and Jersey City as of December 15th.

GENERATION OF ELECTRIC POWER AND TRANSMISSION

In April of this year the 220,000 volt transmission line connecting Public Service Electric & Gas Company switching station at Roseland to the Pennsylvania Power & Light Company was placed in operation. This completes the net work of transmission between Philadelphia Electric Company, Pennsylvania Power & Light Company and the Public Service Electric & Gas Company. The completion of this leg of the transmission net work interconnects practically all of the electric companies of this State with their facilities, with the extended systems of the Philadelphia Electric Company, the Pennsylvania Power & Light Company and the Pennsylvania-Edison Company, thus insuring continuous and adequate service, with ample capacity for all possible purposes and

effecting large savings in investments which would otherwise be necessary for emergency and reserve capacity, were not these companies able, by means of the net work, to take care of their peak loads.

The Public Service Electric & Gas Company are installing a mercury boiler with turbines. This will increase the capacity of their Kearny plant approximately 20,000 k.w. The mercury for this equipment was received by the company this year and work on the equipment is progressing.

RADIO BROADCASTING

Applications have been received for certificate of convenience and necessity for the increase in power for one broadcasting station, for spare unit for another and for experimental equipment for another.

Only four complaints were received because of interference to the reception of broadcasting programs. This is due to the efficiency and dispatch with which the companies have taken care of such troubles. Considerable trouble developed from the electric company's transmission and distribution lines. Cooperation on the part of the electric company and their willingness to clear up any trouble, has practically eliminated this type of complaint.

APPRAISAL DIVISION

General conditions under which we are living at the present time have resulted in wide spread agitation for reduction in all classes of costs and there have been many letters received from individuals, trade organizations, and municipalities, asking for investigation of all classes of utility rates. Many of the resolutions from municipalities and also letters from individuals generally express this sentiment: "Now that the cost of all materials and labor involved in the construction and operation of public utilities is very materially reduced" the time has arrived when the Board ought to take action to see that rates are reduced.

The Board has for several years followed the practice of requiring from its staff statements showing the operating conditions of the larger utilities furnishing the majority of the population of the state, and such

calculations have been made up at least once a year. These calculations have led to conferences which have resulted in reductions in rates for the last four or five years.

The common belief that costs of constructing public utility properties have receded to the same level as prices of general commodities is not supported by the published indices of public utility construction costs, nor by the studies and analysis of actual costs made by the appraisal department of the Board.

The cost of labor is a large part of the cost of public utility properties averaging between 50 and 60% of the total. The curve of labor costs for this class of construction has not followed the descending curve of general commodity prices. Common labor wages have receded in a much greater proportion than wages of skilled labor. However, common labor wages in general are still 100% above prewar in this district. Substantial reductions in public utility rates cannot be brought about except by drastic general reduction of labor costs. While it is not our task to pass upon such questions, we seriously doubt that any general benefit will result from such procedure.

The great amount of time and expense involved on the part of both utility companies and the municipalities or the State in attempting to determine rate bases by detailed inventory and appraisal of the properties concerned is too well known to require further comment. Therefore, it is our opinion that the method of applying price factors or indices to prior appraisals or property costs while not as complete and perhaps not as positively accurate as a detailed inventory and appraisal might be, is nevertheless sufficiently complete and accurate for determining tentative rate bases, thus saving considerable expense to all concerned. This is of particular importance in times of reduced income to, and consequent necessary retrenchment by the State. Also, unnecessary expenditure of time and money in a full rate investigation is avoided where a tentative rate base established by this method indicates that the utility involved is not earning an excessive return on such tentative rate base and would

not exceed a legal return on a valuation based on detailed inventory and appraisal. This method has been used in the last few years with satisfactory results in obtaining several considerable reductions in rates by negotiation with the utilities involved. The recent reductions thus obtained will be found enumerated in another section of this report. However, where a rate base which can be supported in a legal contest is to be determined, it is inevitable that a detailed inventory and appraisal of the property involved, be made in accordance with court decisions.

The Appraisal Department has also been asked to prepare reports including valuation or property cost data upon several other matters which are summarized as follows:

Sales of excess or unused plant	20
Sales of all property of utility	1
Sales of part of property or system of utility	2
Security Issues by utilities	17
Merger of utilities	1
Annual Depreciation Rates for utilities	6

In addition to the above, tentative rate bases were determined for smaller companies, viz: 7 water and 1 sewer utilities.

The work of compiling current prices of labor and material used in public utility construction, indices for and trends of such prices, as well as analysis of costs and efficiencies of operation of all kinds of utilities, has been pursued as thoroughly and effectively as in other years.

ELECTRIC COMPANIES

The following estimated reductions in annual revenue of electric companies result from reductions in schedules of rates filed during the year 1932, viz:

Atlantic City Electric Co. (effective 4/1/32)	$300,000.
Jersey Central Power & Light Co.	144,000.
Rockland Electric Company	25,500.
Public Service Electric and Gas Company	1,750,000.
Totals	$2,219,500.

Millville Electric Light Company reduced certain block rates in five rate schedules by 1¢ per kwh. but effect on annual revenue was not estimated.

GAS

The following estimated reductions in annual revenue of gas companies result from reductions in schedules of rates filed during the year 1932, viz:

Jersey Central Power & Light Co.	Gas Department	82,131
Public Service Electric & Gas Co.	" "	225,000
Totals		$307,131

Several companies have filed schedules of reduced rates for space heating of residences but have made no estimates of the effect of such reductions on revenue.

TELEPHONE COMPANIES

The New Jersey Bell Telephone Company on May 29, 1932 put into effect what is termed "Modifications and Improvements in Telephone Service" for Newark and South Orange, largely extending the respective base rate areas in these central office districts, and introducing the dial system of operation. This change effected a reduction in annual revenue approximately $275,000 annually. It has also extended the base rate areas of a number of smaller exchanges, thus relieving the subscribers theretofore outside the base-rate area of the mileage charges previously incurred; and it has continued its policy of extending to new central offices its method of computing mileage charges on the airline instead of the route basis of measurement. These changes are in the nature of rate reductions which are not definitely stated in amount. It has created several new exchange areas eliminating mileage charges for local service.

The New Jersey Telephone Company has installed a new central office in Clinton, thereby relieving its subscribers from mileage rates to an exchange located in another area.

WATER COMPANIES

The Atlantic County Water Company has filed a new schedule of rates, effective January 1, 1933, reducing its revenues approximately $13,259.22, or 11%.

STATISTICS AND ACCOUNTS AND ANNUAL REPORTS

Reports are made to the Board annually by all utilities subject to its jurisdiction. These reports give the revenues and expenses, the fixed charges, and the additions to and deductions from the capital account.

RECEIPTS AND OPERATING EXPENSES OF PUBLIC UTILITIES

The following table is compiled from reports submitted by Public Utility Companies for the calendar year 1931. Reports for the year 1932 will not be submitted until after the first of March.

	Operating Revenues 1931	Operating Expenses 1931	Operating Ratio %
13 Gas Companies	$38,549,383	$24,999,078	64.85
12 Electric Companies	88,194,745	51,730,196	58.65
88 Water Companies	9,746,056	5,952,871	61.08
8 Sewer Companies	787,206	427,630	54.32
11 Street and Electric Railways	20,450,886	15,378,841	75.19
10 Telephone Companies	80,695,616	58,844,150	76.62
483 Bus Operators	34,343,307	31,844,179	92.72
	$262,767,199	$189,176,945	69.69

SECURITIES APPROVED BY THE BOARD DURING 1932

Bonds	$15,480,000.
Debenture Notes	40,000.
Stock, with par value	3,361,200.
Stock, no par value	38,164 shares.

STREET TRANSPORTATION

Auto Buses.

The development of the motor bus industry in this State has continued during the past year and as of December 1st, 1932, there were approximately 4,139 buses in operation in intrastate service on approximately 425 routes.

There has been a continued general improvement in motor coach design and many new Deluxe type parlor and also city type buses have been placed in

service by both the individual and company operators. There has also been a noticeable improvement in the general standard of maintenance of auto bus equipment.

In this connection the Board, after hearing, of which all interested parties were notified, adopted an amended set of specifications applying to auto buses, approved November 30th, 1932, which action was taken in order to bring the specifications more up to date and to make them more comprehensive. The last amendment was made December 15th, 1927, and there has been an extensive development in the industry since that date.

Also, in order to furnish to auto bus operators and prospective auto bus operators, information concerning methods to be followed in making applications for new routes, extensions of routes, transfers, etc., and also in order to provide rules for the guidance of auto bus operators in the operation of their service and maintenance of their equipment, the Board, under date of November 30th, 1932, approved an Order "In The Matter of Rules and Regulations Concerning Applications for Inauguration of Bus Service and Operation and Maintenance of Auto Buses", which Order became effective December 8th, 1932.

During the past several years it has been the policy of the larger street railway companies to substitute auto buses for trolley operation, especially on routes where traffic was comparatively light and where buses can be more economically operated than trolleys. The deferred maintenance of track and rolling stock of several of these companies, occasioned no doubt by materially reduced revenue and resulting in relatively inferior service has also been a potent factor in the matter of bus substitution.

During the past year the Salem and Penns Grove Traction Company ceased the operation of trolley cars and substituted auto buses therefor. With this change practically all the smaller street railway companies previously operating street cars have abandoned such service and substituted auto bus service therefor.

Owing to the general falling off in street transportation traffic both the street railway and auto bus companies have made material reductions

in the service furnished. Notwithstanding this reduction, however, there has not been a proportionate increase in the number of complaints received.

During 1932 the Board received approximately 187 applications for approval of municipal consents for the operation of auto buses. These applications included the operation of buses on new routes, additional buses on existing routes, extensions or changes of existing routes, and the transfer in ownership of buses on existing routes, and involved the operation of approximately 1345 buses.

Approximately 174 informal and formal complaints referring to bus and trolley service were received. Inspector's Reports were submitted on the informal cases and appropriate recommendations were made to remove the cause of complaint where such was found to be advisable. Hearings were held on the formal cases and decisions rendered.

Incident to the inspection of interstate auto bus equipment much information has been obtained concerning the number and character of interstate routes and the number of buses operated. The Board's records indicate that there are approximately 73 auto bus companies or individuals operating interstate routes; approximately 1358 buses being engaged in this service.

During the past year the supervising of the carrying of liability insurance by both inter and intrastate auto bus operators has received further special attention, as indicated in the Board's Report for the year 1931. This has tended to guarantee the safety of operation within the State.

Since the opening of the George Washington Interstate Bridge between Fort Lee, N. J. and New York City, in October, 1931, the traffic situation in North Jersey has changed materially. Prior to the opening of the Bridge the major passenger traffic from the various municipalities located in Bergen County was covered by local bus lines and interurban trolleys to the Edgewater Ferries, Edgewater, N. J., at which point the passengers continued their journey to New York by the ferries. Today numerous interstate bus routes connect Hackensack, Ridgewood, Englewood, Fort Lee and other Bergen County municipalities with New York by operating over the George Washington Bridge to bus terminals located in uptown sections of New York.

The passenger traffic on these buses over the Bridge during the morning and evening rush hours has steadily increased and new routes have been established during the past few months. The competition among the operators is very keen, but recently, however, some of the larger operators have worked out a modified plan of coordination of schedules to minimize this competition.

As a result of these conditions the revenues of the local street railway lines and local bus lines have been greatly diminished. Many of the local operators, to meet this situation, have entered the interstate bus field to preserve some of their traffic.

Street Railways.

There has been little change in the street railway situation during the past year, with the exception of the further substitution of auto bus for street railway service as referred to under "Auto Buses".

General.

Frequent inspections have been made of the service furnished and the equipment of both street railway and auto bus operators. Investigation of complaints and accidents has also been continued. Extensive traffic checks and surveys have also been made from time to time, both on the Board's initiative and in connection with the investigation of complaints. Appropriate action has been taken on all these matters when such appeared necessary or advisable for the betterment of the service. As a result of these inspections and investigations approximately 297 Inspector's Reports were submitted, many of these reports containing recommendations relating to improvements in service and equipment in operation, whereas others referred directly to new equipment which had been placed in operation.

RAILROAD GRADE CROSSING ELIMINATION

Grade Crossing elimination work under Chapter 101 of the Laws of 1930 and amendments thereto has been carried on during the year and actual construction is now completed on the projects at:- Lodi, Elberon, New Providence, West Arlington and Stelton.

At Elizabethport the work has been suspended except that the Central Railroad Company of New Jersey is depositing waste material on a section of meadow land where considerable filling will be required.

During the year but one additional grade crossing elimination has been ordered by the Board; namely, Wilson Avenue, Newark, and the date for the beginning of the actual construction on this project has been set for May 1st, 1933.

The adoption of rules of procedure has been deferred until conferences have been concluded with the railroad companies to determine upon a set of rules upon which all parties are in agreement. These conferences with the carriers have extended throughout the year and careful analysis has been made of the railroad companies' claims and their interpretation of the words "entire expense" in the Act.

A resume in tabulated form follows showing the status of the work in this division under the Davis Act up to December 15th, 1932:

CROSSINGS NOW ORDERED TO BE ELIMINATED

RAILROAD	MUNICIPALITY	HIGHWAY	DATE ORDERED	METHOD	TOT.EST.COST	PRESENT STATUS*
Erie	Wallington-Woodridge and Lodi.	Main St.	9/8/30	Hwy. under	$100,000.	100% comp.
N.Y. Central	Bogota.	Ft. Lee Rd.	6/29/30	Hwy. over	620,000.	ordered
N.Y. & L.B.	Elberon	N. Lincoln Avenue	2/18/31	Hwy. under	150,000.	100% comp.
Erie	W. Arlington	Passaic Avenue	2/18/31	Hwy. under	100,000.	100% comp.
D.L.& W.	New Providence	Springfield Avenue	6/17/31	Hwy. over	170,000.	100% comp.
Penna.	Stelton	Plainfield Avenue	4/27/31	Hwy. under	210,000.	95% comp.
L.V.R.R.	S. Plainfield	Park Ave.	3/9/31	Hwy. over	180,000.	ordered
L.V.R.R.	Piston	Central Ave.	3/3/31	Hwy. over	200,000.	ordered
C.R.R. of N.J.	Elizabeth	21 Crossings	5/7/29	Hwy. under	12,000,000.	16% comp.
Penna.		9 Crossings		Crossing vacated by RR.		
Reading	Atlantic City	3 Crossings		relocation	6,000,000.	ordered
C.R.R. of N.J.	Newark	Wilson Ave.	2/9/32	Hwy. over	340,000.	ordered

Total for 42 grade crossings ordered eliminated- 20,070,000.

CROSSINGS UNDER CONSIDERATION BY BOARD

Penna.	Colonia	Colonia Blvd. Sucker Brook Rd.	9/30/30	Hwy. under/ closed	$234,700	Conference
Penna.	Iselin	Oak Tree Rd.	9/30/30	Hwy. under	240,500	Conference
Erie	Glen Rock	Rock Rd. (2 crossings)	9/23/30	Hwy. under	450,000	Conference
N.Y.Central Erie	Hoboken	Willow Ave.	10/11/27	Hwy. over	400,000	Conference
Penna.	Pitman	3 crossings	10/21/31	Hwy. under	530,000	Conference
N.Y.Central	Dumont	Madison Ave.	12/14/31	Hwy. over	500,000	Conference
	Total for 10 grade crossings under consideration -				2,355,200	
				Grand Total - -	22,425,200	

GRADE CROSSING CASES WHICH HAVE BEEN REMOVED FROM THE BOARD'S CALENDAR FOR THE PRESENT.

Erie	Hawthorne	Wagaraw Road
N.Y. & LB.	Long Branch	Broadway
L.V.R.R.	Roselle Park	Chestnut St.
D.L.& W.	Lincoln Park	County Rd., W. of Station
Erie	Athenia	Van Houten Ave.
Erie	Ramsey	Main Street

*The status indicated is for field construction only and does not include land acquisition or office work in connection with the determination of participating costs as between the State and the railroad companies.

Detailed reports of each main and branch line on each of the railroads have been made and filed with the Board. These reports contained such recommendations as were found necessary after inspection of the bridge structures.

ATLANTIC CITY RAILROAD.

Atlantic City

This project involves the elimination of three grade crossings on the lines of the Atlantic City Railroad and nine grade crossings on the line of the West Jersey and Seashore Railroad in Atlantic City at an estimated cost for all interests of $6,000,000.

Agreements have been reached between the two Railroad Companies for a consolidation of their lines in New Jersey between Camden and Atlantic City of which the elimination of grade crossings in Atlantic City forms a part. At the time of making this report the work of eliminating the grade crossings in Atlantic City is expected to be started within the next few months.

CENTRAL RAILROAD OF NEW JERSEY.

Elizabethport

The elimination of twenty-one grade crossings is planned under this project. The first stage of the work has been completed. This consisted of the construction of masonry abutments, retaining walls and earth fill for the railroad embankments between the streets on the Elizabethport and Perth Amboy Branch, south of Broadway and includes the area traversed by the following streets - Livingston Street, East Jersey Street, Fulton Street, Franklin Street, Marshall Street, Elizabeth Avenue and First Avenue.

The property for this stage of the project has all been acquired by the Railroad Company.

All work on the project was suspended following the completion of the first contract except that the Railroad Company is continuing to deposit waste material on low meadow land which requires considerable filling. The billing for the State's share of the expense of this work is being held in abeyance by the Railroad Company but regular inspection is made so as to keep a record of such expense.

Wilson Avenue, Newark.

An Order has been issued by the Board for the elimination of this grade crossing, directing the actual work of construction to begin on or before the first day of May, 1933.

DELAWARE, LACKAWANNA AND WESTERN RAILROAD.

County Road West of Lincoln Park Station.

The matter of considering the elimination of this highway grade crossing with the tracks of the Boonton branch of the Delaware, Lackawanna and Western Railroad has temporarily been removed from the Board's calendar.

Springfield Avenue, New Providence.

Unusual construction difficulties were encountered during the progress of this work due to the presence of quicksand at one end of the new highway location, making necessary the design and installation of a subsurface drainage system which has proved satisfactory in preparing a suitable foundation for the reinforced concrete pavement.

Two of the property owners, from whom it was necessary to acquire a right-of-way for the new highway, were indisposed to amicably part with the lands needed for the elimination of the grade crossing. Condemnation proceedings had to be

resorted to, which caused considerable delay.

The physical elimination of this grade crossing was completed during the year, but there yet remains some property to be acquired by the Railroad Company as well as certain matters to be adjudicated between the State and the Railroad Company to determine the proper participating expense involved.

THE ERIE RAILROAD:

Van Houten Avenue, Athenia.

The matter of considering the elimination of this highway grade crossing with the tracks of the Newark Branch of the Erie Railroad Company has temporarily been removed from the Board's calendar.

Rock Road, Glen Rock.

This involves the elimination of two grade crossings in the Borough of Glen Rock where Rock Road crosses the Main Line and the Bergen County Branch of the Erie Railroad.

The Board still has this matter in conference and studies have been progressing to determine upon the most satisfactory method of eliminating these grade crossings.

Wagaraw Road, Hawthorne.

The matter of considering the elimination of this highway grade crossing with the tracks of the Main Line of the Erie Railroad has temporarily been removed from the Board's calendar.

Main Avenue, Boroughs of Wallington, Woodridge and Township of Lodi.

The physical construction work to effect the elimination of this grade crossing was completed in 1931 but there yet remains some property to be acquired by the Erie Railroad Company with possibility of condemnation proceedings for its acquisition. In addition to this, considerable work is yet to be done in determining the proper participating expenses as between the State and the Railroad Company.

Main Street, Ramsey.

The Board decided on October 20th, 1932, to defer the elimination of this grade crossing until it can be determined what effect the new State Highway Route No. 2, now under construction, which crosses the railroad to the north of Main Street, will have on the traffic conditions of the present Main Street crossing.

In consequence, this matter has been removed from the Board's calendar.

Passaic Avenue, Town of Kearny (West Arlington).

The field work on this project was completed during the year and highway traffic now passes underneath the tracks of the railroad. The location of the highway closer to the edge of the river channel than at first designed, made the construction of a wall to retain the highway embankment necessary, which wall was not contemplated in the original plan.

Further difficulties were encountered by the reluctance of two of the property owners to sell certain property required for the project. This caused a temporary suspension of the work and necessitated the acquisition of the property through condemnation before the work could proceed.

A great deal of work is yet to be done to determine the exact participation of expense on this project between the State and the Railroad Company.

Willow Avenue, Hoboken.

Hearings have been concluded on this project and the matter is in conference for the Board's determination of the most suitable plan for the elimination.

LEHIGH VALLEY RAILROAD:

Central Avenue, Picton.

The Board has modified its original order on this project to the effect that the time of the beginning of the actual work of construction has been extended to on or before the first day of May, 1933.

Chestnut Street, Roselle Park.

The matter of considering the elimination of this highway grade crossing with the tracks of the Main Line, New York Division of the Lehigh Valley Railroad has temporarily been removed from the Board's calendar.

Park Avenue, South Plainfield.

The Board has modified its original Order on this project to the effect that the time of the beginning of the actual work of construction has been extended to on or before the first day of May, 1933.

NEW YORK CENTRAL RAILROAD:

Fort Lee Road, Bogota.

The New York Central Railroad Company took exception to the plan of elimination of this crossing ordered by the Board on the ground that it would cost $100,000. in excess of a plan favored by the Railroad Company and obtained a writ of certiorari. At the time of writing this report, the decision of the Court had

not yet been handed down.

Madison Avenue, Dumont.

On petition by the Borough of Dumont, hearings were held by the Board for the elimination of this grade crossing and the matter is now awaiting the Board's decision as to the most suitable method of elimination.

Willow Avenue, Hoboken.

(See Erie Railroad).

NEW YORK AND LONG BRANCH RAILROAD:

North Lincoln Avenue, Elberon (City of Long Branch).

The field work on this project is complete but considerable work remains to be done in determining the participation of expense between the State and the Railroad Company.

Broadway, Long Branch.

The matter of considering the elimination of this highway grade crossing with the tracks of the New York and Long Branch Railroad has temporarily been removed from the Board's calendar.

THE PENNSYLVANIA RAILROAD:

Atlantic City.

(See Atlantic City Railroad).

Colonia Boulevard & Sucker Brook Road Crossing, Colonia.

These highways cross four main line tracks of the Pennsylvania Railroad. The Board has the matter of the elimination of these grade crossings in conference and studies have been made to determine upon the most satisfactory method of effecting the elimination. It is the purpose of the Board, however, not to order this work until the completion of the Iselin grade crossing elimination, which is located a little more than one mile west of the Colonia Boulevard crossing, so that the heavily travelled main line of the Pennsylvania Railroad will not be hampered by two construction projects going on at the same time in such close proximity.

Oak Tree Road, Iselin.

This highway crosses four main line tracks of the Pennsylvania Railroad and as noted above is slightly over a mile west of the Colonia Boulevard crossing. This elimination of this grade crossing is still in conference but studies are in progress to determine upon the most satisfactory method of effecting the elimination.

Holley Avenue, Pitman Avenue, and Broadway, Pitman.

Hearings on the elimination of these grade crossings have been concluded and the Board has the matter in conference.

Plainfield Avenue, Stelton.

This project is nearing completion. The progress of the work has been slow due to difficulties met in the acquisition of necessary property and the required maintenance of undiminished speed for railroad traffic at this point. It is expected that the depressed highway will be opened for traffic before the first of January, 1933, but the sodding and seeding of the highway slopes will be deferred until the Spring. At the time of writing this report, the construction work is 95% complete.

With the many additional administrative duties which have been imposed upon the Board and Staff, there has been strictly followed the policy of economy as enunciated in an executive message to all State Departments. It is expected that with the conclusion of the current fiscal year there will be returned to the general fund a substantial balance, which reflects in a measurable way, economies of administration of this Department.

STREET RAILWAY ACCIDENTS

DEC. 1, 1931 to NOV. 30, 1932
Inclusive

Character of Accidents	No. of Accidents	No. Killed			No. Injured		
		Pass.	Emp.	Others	Pass.	Emp.	Others
Car Collisions	3	-	-	-	11	-	-
Vehicle Collisions	63	-	-	2	13	3	97
Pedestrian Collisions	53	-	-	1	-	-	53
Derailments	5	-	-	-	4	2	9
Boarding and Alighting	15	-	-	-	15	-	-
Falling from Cars	1	-	-	-	1	-	-
Injured on Cars	18	-	1	-	21	-	-
Grade Crossings	5	-	-	2	-	-	-
Miscellaneous	7	-	-	1	-	-	6
Totals	170	-	1	6	65	5	165

ACCIDENTS ON RAILROADS.

December 1, 1931 to December 1, 1932.

	Killed	Injured
Collisions:		
Passengers		42
Employees		20
Others		
Crossing Track at Highways:		
Employees		
Others	60	135
Derailments:		
Passengers		15
Employees		
Others		
At Bridges and Tunnels:		
Passengers		
Employees	2	5
Others	1	5
Struck by Locomotives or Cars:		
Passengers		
Employees	8	11
Others	10	2
Getting On or Off Trains:		
Passengers	1	116
Employees	10	41
Others	3	16
Coupling or Uncoupling Cars:		
Employees	7	11
Trespassing on Right-of-Way:		
Passengers	2	
Employees	5	1
Others	57	12
Other Causes:		
Passengers	10	61
Employees	6	204
Others	6	16
TOTAL	188	713

ADDITIONAL PROTECTION INSTALLED AT GRADE CROSSINGS

FROM DECEMBER 1ST. 1931 TO DECEMBER 1ST. 1932.

Standard Approach Signs	0
Standard Approach Signs (Reflexed)	12
Standard Crossing Signs	23
Standard Crossing Signs (Reflexed)	4
Audible and Visible Signals	30
Watchman Protection	11
Gate Protection	0
Annunciator Bells	0
Bell Protection	0
Crossing Eliminations under Consideration	0 (Temporarily suspended)
Crossing Eliminations under Order of the Board	4
Crossings Eliminated	4
Crossing Eliminations Under Way	20
Private Crossings Abandoned	5
Public Crossings Abandoned	20
Public Crossings Installed	3
Public Crossings under Construction	4

ACCIDENTS AT GRADE CROSSINGS INVOLVING COLLISION OF AUTOMOBILES WITH TRAINS; ALSO PEDESTRIANS STRUCK BY TRAINS - CLASSIFIED WITH RESPECT TO TYPE OF GRADE CROSSING PROTECTION- FROM DECEMBER 1ST, 1931 TO DECEMBER 1ST, 1932.

TYPE OF PROTECTION	NUMBER OF ACCIDENTS	KILLED	INJURED
1. Gates	31	7	13
2. Flagman	33	15	28
3. Flashing Light Signals or Automatic Flagman	57	10	40
4. Other Audible or Visible Signals	22	3	12
5. Alarm Bell	21	8	6
6. Crossing Signs	40	11	27
7. Private Crossings	21	6	9
TOTAL	234	60	135

ACCIDENTS AT GRADE CROSSINGS INVOLVING COLLISION OF AUTOMOBILES WITH TRAINS: ALSO PEDESTRIANS STRUCK BY TRAINS - CLASSIFIED WITH RESPECT TO RAILROADS - FROM DECEMBER 1ST, 1931 TO DECEMBER 1ST, 1932.

NAME OF COMPANY	NUMBER OF ACCIDENTS	KILLED	INJURED
Atlantic City Railroad	11	3	4
Baltimore & New York Railroad	0	0	0
Central Railroad	32	9	18
Delaware, Lackawanna & Western Railroad	8	0	2
Erie Railroad	63	9	32
Lehigh Valley Railroad	10	0	4
Lehigh & Hudson River Railroad	0	0	0
Lehigh & New England Railroad	1	0	1
Morristown & Erie Railroad	0	0	0
Mt. Hope Mineral Railroad	0	0	0
New York & Long Branch Railroad	16	8	6
New York, Susquehanna & Western Railroad	5	2	0
Pennsylvania Railroad	26	11	19
Rahway Valley Railroad	0	0	0
Raritan River Railroad	0	0	0
Reading Railroad	6	1	13
Tuckerton Railroad	2	3	1
Union Transportation Company	0	0	0
Wharton & Northern Railroad	0	0	0
West Jersey & Seashore Railroad	49	10	35
West Shore Railroad	4	3	0
Wildwood & Delaware Bay Shore Line Railroad	1	1	0
TOTAL	234	60	135

Respectfully submitted.

(Signed) JOS. F. AUTENRIETH, President.

(Signed) HARRY BACHARACH, Commissioner.

(Signed) THOMAS L. WANSON, Commissioner.

(Signed) EMMETT T. DENN, Secretary.