

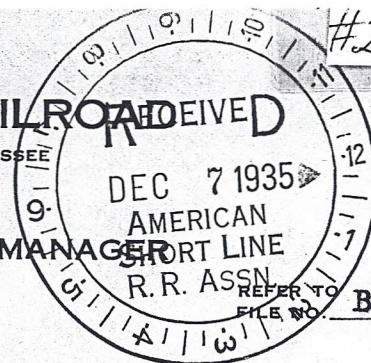
RAHWAY VALLEY RAILROAD

RAHWAY VALLEY COMPANY, LESSEE

OFFICE OF

PRESIDENT AND GENERAL MANAGER

R. A. CLARK
PRESIDENT AND GENERAL MANAGER



#2945 box 31

KENILWORTH, N. J., December 5th, 1935.

Mr. J. M. Hood, President,
American Short Line Railroad Association,
Washington, D. C.

Dear Mr. Hood:

With reference to your letter of September 17th and November 5th as well as subsequent correspondence dealing with our application for Per Diem relief.

You will find enclosed copies of the following statements;

Railway Operating Revenues and Expenses for the first nine months of 1935, and the years 1933, 1934.

Income Account for the first nine months of 1935 and the years 1932, 1933 and 1934.

Statements showing average revenue per car and car detention days covering both local and overhead traffic for 1933, 1934 and the first nine months of 1935.

In order to place all the facts before all concerned, we have endeavored to prepare a most comprehensive set of papers which should paint a clear picture of our situation in the minds of all interested and from the figures compiled it is just about possible to break down such data in a most simple manner and arrive at most any conclusions dealing with our operations.

We trust these statements will meet with your approval as we have endeavored to check out every possible angle in order to develop the proper information in answer to any questions.

For your information our Per Diem at present is considerably under what it was some few years ago. This is mainly due to the fact that practically every package car is returned the same day as received hence no Per Diem which automatically reduces the Average Per Diem Detention figure. In addition each of our connections stores cars on our tracks for prospective loading free of Per Diem until used. Naturally this reduces our Per Diem and for many reasons it would not be advisable to call this feature to the attention of the Association of American Railroads as it would probably prove very detrimental to our best interests and might possibly embarrass our connections.

(continued)

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PRESIDENT AND GENERAL MANAGER

GEO. A. CLARK

PRESIDENT AND GENERAL MANAGER

REFER TO
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Mr. J. M. Hood.

On practically all outbound cars we now have no Per Diem but unfortunately most of our tonnage is inbound traffic. During the depression period our anthracite coal earnings have held up remarkably well whereas lower grade commodities have declined alarmingly. We have a very prompt return on anthracite equipment whereas lower grade commodities are unloaded much slower and this also has a great deal to do in reducing the average detention figure.

You will note in the year 1933 this Company had a small profit of \$875.18 from operations. I might say that after my father's death in 1932 our Board of Directors insisted that a profit be shown from operations during 1933. This was only accomplished by sacrificing road and motive power maintenance and our people learned this to their sorrow. You will note the sharp increase in these items during 1934 as well as 9 months of 1935 both periods showing a loss from operations.

Mr. Kendall likewise raised the locomotive question with me and after a full explanation I informed him that this debit against operations met with the full approval of the Interstate Commerce Commission and it was hardly in order for him to take exception thereto. Frankly this item is also a thorn in my side and I will endeavor to give you a brief history.

A party known as Louis Keller was the principal builder and owner of our road. Several years ago when this company was financially embarrassed and in need of motive power he purchased with his own personal funds locomotive No. 8 and turned it over to the operating Company. Agreement was entered into that the operating Company would pay him \$10.00 daily for the rental of this locomotive, exclusive of Sundays, in addition to maintenance with the proviso that this engine would be turned back in as good condition as when taken over. Unfortunately we were never able to pay this rental and a book credit was set up in favor of Mr. Keller. Eventually Engine 8 lived its life and was junked. However, it was necessary for us to replace with Engine No. 13 which was purchased by the operating Company and turned over to the Keller Estate in place of retired No. 8.

As the matter stands Engine No. 8 is no longer in existence but was replaced with Engine No. 13 and while possibly without undue pressure

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Mr. J. M. Hood.

I could have the Keller Estate eliminate this rental proposition it actually represents a legitimate obligation without question and might come in very handy should conditions ever improve as it automatically reduces income taxes, etc.

I could write several pages dealing with these statements but I believe all the important information and data is now before you in a most clear form.

Regardless of our overhead traffic which our connections must admit was their only solution to meet motor trucking competition and even eliminating this locomotive rental if any short line carrier qualifies for per diem relief, I believe the Rahway Valley Railroad comes within that category.

I do hope you will now be able to progress our case promptly and we sincerely trust some reasonable consideration will be given us shortly and I presume you will press the matter in this connection as vigorously as possible.

We are sending a copy of all these statements to the Association of American Railroads for their information.

For your information during a 10 month period in 1931 we qualified under Appendix B and handled no bridge traffic consequently we deducted 2 days free time for every loaded car handled in per diem settlement. After the Supreme Court set aside the Commission's order on this matter our connections immediately filed reclaims against us for slightly in excess of \$10,000 representing free time deductions made by us and insisted upon prompt settlement. We refused payment and very recently our connections agreed to allow us actual Per Diem with a maximum of $1\frac{1}{2}$ days free time on every loaded car handled during this period. All accounts are now being

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Mr. J. M. Hood.

restated and the matter closed out which reduces the reclaims considerably and actually represents the only free time allowance we ever had on per diem even though we have always been a very weak short line carrier.

With my kindest personal regards and trusting that you will be able to work out a favorable solution of our per diem problem for the new year, I remain,

Very truly yours,

Geo. A. Clark
Pres. & Gen'l Mgr.

GAC:PL

#2945 box 31

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

1201-S

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable sign above or preceding the address.

WESTERN UNION

(58)

R. B. WHITE
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

SIGNS

DL = Day Letter
NM = Night Message
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Received at 708 14th St., N. W. Washington, D. C.

1933 NOV 23 AM 9 59

NB 13 30 DL=ROSELLE NJ 23 939A

W L WHITE=

MINUTES IN TRANSIT	
FULL-RATE	DAY LETTER

PRESIDENT AMER SHORT LINE RR ASSN=UNION TRUST BLDG

WASHDC=

PROPOSED CONFERENCE DEALING WEST PERDIEN RELIEF TO BE HELD
AT 30 BESEY STREET NEWYORKCITY NOVEMBER TWENTY EIGHTH
ENTIRELY AGREEABLE TO US WE WILL BE REPRESENTED BY THE
UNDERSIGNED ONLY=

GEORGE A CLARK R V RR.

THE QUICKEST, SUREST AND SAFEST WAY TO SEND MONEY IS BY TELEGRAPH OR CABLE