

**BIENNIAL REPORT OF THE
RAILROAD COMMISSIONER
OF THE STATE OF VERMONT
FOR 1873-4**

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Biennial Report of the Railroad Commissioner of the State of Vermont for 1873-4 by Myron W. Bailey

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MYRON W. BAILEY

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OF THE

STATE OF VERMONT, *Public Service Com.*

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1874.

REPORT.

To the General Assembly of the State of Vermont :

The undersigned has the honor to submit the following Report upon the condition and management of Vermont railroads together with such suggestions as to changes in our railroad laws as in my judgment would be desirable and beneficial.

Scarcely a quarter of a century has yet passed since the experiment of running railroads in this State first commenced. It was then an unsolved problem whether railroads in the State of Vermont could be made profitable, or even self-sustaining. What was twenty-five years ago an infant, with hardly strength to sustain itself, has now grown to be a giant, and exerts a mighty and controlling influence upon the interests of our State, and has during this short period of time revolutionized almost the entire State.

Twenty-five years ago two roads had just commenced a struggle for existence and business, and it was then thought by many, and even by the officers of these roads, that only one of them could survive ; that the business of the State would not be sufficient to sustain two rival roads.

At this time there were but a little over two hundred miles of railroad in this State. The Vermont Central was running from the Connecticut river, in the town of Windsor, to Burlington, and the Champlain and Connecticut River (now the Rutland and Burlington) Railroad, from Belows Falls to Burlington, by way of Rutland.

The last mentioned road was opened for travel on or about December 18, 1849, and the Vermont Central early in January,

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A. D. 1850. Each of these roads had been striving to extend its charter so as to connect with other roads, and thus secure water communication with the West at Ogdensburgh, but each opposing the other until the Vermont and Canada Railroad was chartered as a separate and independent road. They organized their company and entered into a contract with the Vermont Central, the terms of which were in substance that the Vermont and Canada was to go on and complete their road as provided by their charter and furnish it, and the Vermont Central was to run it, giving them eight per cent on the cost of construction and equipment. This road, completed from Rouses Point on the north and a junction made with the Vermont Central on the south, and the completion of the road from Rouses Point to Ogdensburgh on the northwest, would give a through line from the Atlantic ocean to Lake Ontario, and so on to the west.

During this time the Vermont Central was laboring under great financial embarrassments. The stock of the Company, to the amount of \$10,000,000 (100,000 shares) realized only \$5,000,000; and, in order to complete the building and equipment of the road, by vote of the company, they issued unsecured bonds from time to time for the payment of the floating debt and interest to the stockholders, &c., as follows:

\$595,700 00, payable July 1, A. D. 1852.

27,200 00, payable October 1, A. D. 1854.

278,100 00, payable June 1, A. D. 1856.

The bonds payable July 1, 1852, were paid and discharged by the company.

The company also issued bonds secured by a first mortgage to the amount of \$2,000,000 00, payable November 1, 1861, at 7 per cent, and the bonds maturing October 1, 1854, were exchanged for the first mortgage bonds. But the unsecured bonds, becoming due January 1, 1856, were nearly all unpaid.

The company also issued their second mortgage bonds for the sum of \$1,500,000 00, with interest at 7 per cent.

The company being involved in debt, and having a large floating debt hanging over it, transferred the road and all of its personal property to the trustees of the first mortgage bonds. Soon

after litigations commenced, there being various interests, each antagonistic to the other. In order to secure the rights of all parties, the Vermont Central and leased lines were put in the hands of trustees and managers to be run and controlled under the supervision of the court of chancery. And thence an almost endless amount of litigations have arisen which have done more to settle and fix the railroad law of this country than any other railroad company or State in the United States.

It is highly gratifying that notwithstanding the expense of building railroads in our mountainous State, and the expensive litigations that some of the earlier companies have been subjected to, there has been a constant increase of roads in this State; until what was, twenty-five years ago, a little over two hundred miles of railroads, has now increased to nearly fifteen hundred miles. Thus the real estate has been greatly increased in value by being brought in direct communication with our great commercial centers. Markets for all classes of products of the soil are thus brought to the farmer's door; and where we had weekly and semi-weekly mails we now have daily postal facilities. The telegraph, following, or rather preceding, every line of railroad, has brought our most remote hamlet in direct communication with all parts of the country. All this has had the direct effect to increase the value of all classes of property. And while it has been of great and almost incalculable advantage to our State and common country, it may have proved of some slight disadvantage to individuals or communities.

There have been expended in the construction of railroads in this State nearly or quite \$35,000,000, besides the equipment of the roads and other personal property of various kinds, which would amount in the aggregate to nearly \$50,000,000. This sum at least is wholly (or nearly so) exempt from the burdens of taxation; and, as a matter of course, other classes of property have to bear the full burden. I can see no good reason why the real estate that is owned by railroad corporations in this State should not contribute its share towards bearing the burdens of taxation, if there can be some means devised to prevent an unjust

discrimination against railroad property. And I would recommend to the Legislature that they pass a law placing in the list the real estate of railroad companies, at a fair and just valuation as compared with other real estate.

I would also recommend the passage of an act making it the duty of the Railroad Commissioner to inquire into and report to the Legislature whether any president, director, superintendent, or any other general officer, of any railroad company in this State, by threats, intimidation, or by offering place, or by depriving of place or position, has in any manner interfered with or attempted to influence the vote of any employe or workman of any company in this State. For if there is no restraint the time may come that, in the hands of unscrupulous men, these great monopolies might control the balance of power unjustly.

The railroads already built in this State have been opened for the transportation of passengers and freights without the examination and approval of any public officer; and I am convinced that some of our railroads, being anxious to be earning something as soon as possible, have been opened and run before they were so far completed that cars could be run over them in safety. I think that reasonable caution requires that an examination should be made, and a law enacted prohibiting the opening of any new railroad for public travel until the same shall have been examined and approved by the Railroad Commissioner.

And in case any bridge or portion of any railroad should become unsafe after it had been opened for travel, and the Railroad Commissioner should become convinced, upon examination, that it was unsafe, it should be made his duty to notify the Superintendent or Manager of said road, and give him a reasonable time to repair and complete the same; and upon neglect or refusal to repair the same, the road to be liable to a severe penalty. The great number of persons passing over our railroads makes it necessary that every precaution should be used to guard against accidents.

In accordance with the form prescribed by my predecessor, I furnished each and every railroad company in this State with blank statistical interrogatories, for the two years ending August

1st, 1874, and although I have urged all of those companies to fill out and send to me said reports, I have at this date, (September 22d,) received but three reports. In order to prevent delay in future, and with a view of making it obligatory on railroad companies to make out and forward their reports, I would suggest the expediency of so amending the law relating to the biennial reports of railroad companies, as to fix the termination of the fiscal year for which they are to make up their returns, the 30th of June; and that the returns be reported and returned to the Railroad Commissioner on or before the 1st day of August following. This arrangement would make the reports uniform, and give the Commissioner sufficient time to make his report and have it in the hands of the printer in season to have it completed and ready for distribution the first of the session of the Legislature.

Every precaution should be taken to prevent the occurrence of accidents on our railroads. Perhaps there is no more fruitful source of accidents than that caused by fast running of trains. On many of the roads in this State there are necessarily many sharp curves, and the roads run along the sides of hills or over deep ravines, where mountain streams often rise suddenly and overflow their banks, carrying floodwood on the track, and often undermining the road-bed even. If the trains are being run at great speed, the danger of accidents is greatly increased. I would strongly urge that your Honorable Body pass an act that no railroad in this State shall be permitted to run any train at a rate of speed faster than thirty miles per hour. I am aware there are objections that can be urged against interference by the Legislature as to the speed of running trains—such as the need of making connections, &c., &c. All of this can be guarded against (except in cases of accident) by energy at the start, rather than by risking many lives by fast and reckless running.

Section 69 of chapter 28 of the General Statutes provides that “any railroad corporation, whose railroad is located in this State, shall not charge any larger sum for freight, merchandise or passage of passengers thereon from any way-station on said road, than is charged for a greater distance; and in case of the

violation of any of the provisions of this chapter by said corporation, the excess so charged may be recovered back by the party aggrieved, in an action for money had and received, with full costs of suit." Since this act was passed there has been a great change in running railroads, or cars on railroads. Car companies have been formed for manufacturing cars and running them on our roads, but these cars are not owned by the railroads. I refer to the Pullman and Wagner Car Companies. These are run by the railroads in this State, and are frequently the only first class cars on some trains. In some instances I have been informed that travelers have been imposed upon; and complaints have been made to me from such sources that I deem it my duty to call the attention of the Legislature to the subject. I would recommend that the section referred to be so amended as to include car as well as railroad companies, to prevent their charging and collecting exorbitant fares.

Since the meeting of the Legislature two years ago, there has been somewhat of a change in the railroads in this State. The Central Vermont has organized under her new charter, and it is to be hoped that the great chancery suit between the Vermont and Canada and the Central Vermont railroads, that has been pending in the court of chancery for the past nineteen years, has been amicably settled by the officers of the said companies, by an agreement of purchase by the Central Vermont Railroad of the franchise, rolling stock, &c., of the Vermont and Canada Railroad. If this agreement is finally consummated, I think the railroads in this State will be in a far better and healthier condition than at present.

Since the report of my predecessor, the Hon. R. F. PARKER, there has been opened for travel the Missisquoi and Clyde Rivers Railroad, extending from the Province line between Sutton, P. Q., and Richford, to Newport, in this State; and this forms a direct line of communication from Montreal, via. St. Johns and Newport to Boston, forming a junction with the Connecticut and Passumpsic Rivers R. R. at Newport. This road opens up a large