



ANNUAL REPORT

TO THE

STOCKHOLDERS

OF

The Rio Grande Southern R. R. Co.

FOR

The Fiscal Year Ended June 30,

1912

DENVER, COLO.
SMITH-BROOKS PRINTING CO.



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BOARD OF DIRECTORS.

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EDWARD T. JEFFERY	165 Broadway	NEW YORK.
EDWIN GOULD	165 Broadway	NEW YORK.
KINGDON GOULD	165 Broadway	NEW YORK.
JAY GOULD	165 Broadway	NEW YORK.
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WILLIAM D. LEE	General Superintendent	RIDGWAY, COLO.
JOHN W. O'CONNOR	Chief Surgeon	DENVER, COLO.

GENERAL OFFICES Equitable Building, 17th and Stout Sts. DENVER, COLO.
 NEW YORK OFFICE 165 Broadway NEW YORK.

To the Stockholders of

The Rio Grande Southern Railroad Company:

The Income of your Company during the fiscal year ended June 30, 1912, including \$9,785.28 interest, etc., received, was \$520,056.45, a decrease of \$49,437.09, as compared with the previous year.

The Gross Revenues from operation were \$510,271.17, being a decrease of \$49,462.26 or 8.84 per cent. The Operating Expenses were \$546,921.56, an increase of \$186,367.06. The Operating Expenses exceeded the Operating Revenues \$36,650.39, making a decrease in Net Operating Revenue of \$235,829.32.

The Working Assets show a total of \$236,749.06 against \$310,173.58 for the previous year, a decrease of \$73,424.52, with Working Liabilities aggregating \$374,088.91 as against \$250,262.56. On June 30, 1912, the Working Liabilities exceeded the Working Assets \$137,339.85.

After providing for taxes, interest on the funded debt and all other charges against Income, there was a deficit for the year of \$258,422.69.

The fiscal year commenced under somewhat trying conditions as the Company was but slowly recovering from the effects of the Trout Lake Dam disaster of September, 1909, adverted to in the report for the year ended June 30, 1910. In the first few days of October there were cloudbursts and floods in Southwestern Colorado of greater volume and intensity than could be recalled to memory by residents in that section for thirty-five or forty years, and they resulted in more costly damage to roadbed and track than that accompanying the Trout Lake Dam disaster of September, 1909. In the valley of the Dolores River, between Dolores station and Lizard Head Divide, about fifty miles, much

of the roadbed and many of the bridges were destroyed, and in the valley of the San Miguel, on the northerly slope of Lizard Head Divide, the damage was correspondingly great, although confined to a shorter mileage. In the canyon north of Rico, where the original construction was very expensive, the track and roadbed were entirely destroyed. Although local train service was established between Durango and Dolores, a distance of sixty miles, within two or three weeks, it was impossible to resume through service over the entire line, between Durango and Ridgway, until January 16, 1912, a period of nearly three and a half months from the date of the disaster.

The amount expended in the work of restoration was about \$174,000.00, and at the date of this report work is still in progress, and, unless again delayed by high water in the Dolores River, as was the case for about six weeks during March and April, when the new work in various places was affected and through train service temporarily abandoned, it is expected to complete it before winter.

The foregoing, considered in connection with the Trout Lake Dam disaster, which involved an expenditure of about \$134,000.00 (reduced to about \$64,000.00 by the payment of \$70,000.00 by the Telluride Power Company as partial compensation), will account for the disappointing financial condition of your Company as exhibited in the General Auditor's statements presented herewith.

It was thought best to charge to Profit and Loss the difference (about \$64,000.00) between the amount expended in restoration work following the Trout Lake Dam disaster, and the amount (\$70,000.00) paid by the Telluride Power Company.

By order of the Board of Directors.

E. T. JEFFERY,
President.

New York, August 17, 1912.

REPORT OF THE GENERAL AUDITOR.

THE RIO GRANDE SOUTHERN RAILROAD COMPANY.

DENVER, COLO., August 13, 1912.

MR. E. T. JEFFERY,

President.

DEAR SIR:—I beg to transmit herewith the annual report of the operations of the Company for the fiscal year ended June 30, 1912.

Yours respectfully,

E. R. MURPHY,
General Auditor.

COMPARATIVE BALANCE SHEET.

JUNE 30, 1912, JUNE 30, 1911.

ASSETS.

	June 30, 1912.	June 30, 1911.	Increase.	Decrease.
PROPERTY INVESTMENT.				
Road and Equipment.....	\$9,096,252 27	\$9,096,341 40		\$ 89 13
WORKING ASSETS.				
Cash on Hand and in Transit.....	\$ 98,376 53	\$ 144,459 48		\$ 46,082 95
Securities in Treasury:				
R. G. So. R. R. Co. 1st Mtg. 4% Gold Bonds.....	90,927 78	90,927 78		
D. & R. G. R. R. Co. 1st Con. 4% Bonds.....	40 06	25,531 25		25,531 25
Traffic and Car Service Balances due from other companies.....	2,980 82	274 03		233 97
Net Balances due from Agents and Conductors.....	14,545 28	3,202 92		222 10
Miscellaneous Accounts Receivable.....	28,168 00	11,108 28	\$ 3,437 00	
Materials and Supplies.....	1,710 59	33,799 61		5,631 61
Other Working Assets.....		870 23	840 36	
Total.....	\$ 236,749 06	\$ 310,173 58		\$ 73,424 52
DEFERRED DEBIT ITEMS.				
Unadjusted Claims.....	\$ 547 83	\$ 1,192 91		\$ 645 08
Expenditures in repairing damage by floods occasioned by breaking of Trout Lake Dams of The Telluride Power Co.....		133,749 24		133,749 24
Total.....	\$ 547 83	\$ 134,942 15		\$ 134,394 32
PROFIT AND LOSS AT JUNE 30, 1912—Debit.....	\$ 192,643 28		\$ 192,643 28	
Grand Total.....	\$9,526,192 44	\$9,541,457 13		\$ 15,264 69

ANNUAL REPORT

COMPARATIVE BALANCE SHEET.

JUNE 30, 1912, JUNE 30, 1911.

LIABILITIES.

	June 30, 1912.	June 30, 1911.	Increase.	Decrease.
STOCK.				
Capital Stock.....	\$4,510,000 00	\$4,510,000 00		
MORTGAGE, BONDED AND SECURED DEBT.				
First Mortgage 4% Gold Bonds.....	\$4,510,000 00	\$4,510,000 00		
WORKING LIABILITIES.				
Traffic and Car Service Balances due to Other Companies.....	\$ 133,720 79	\$ 86,455 37	\$ 47,265 42	
Audited Vouchers and Wages Unpaid.....	146,909 88	70,528 41	76,381 47	
Miscellaneous Accounts Payable.....	317 38	247 05	70 33	
Matured Interest Unpaid:				
Coupons due and unpaid.....	\$ 280 00	\$ 220 00	60 00	
Coupons due July 1st.....	90,200 00	90,200 00		
Other Working Liabilities.....	2,660 86	2,611 73	49 13	
Total.....	\$ 374,088 91	\$ 250,262 56	\$ 123,826 35	
ACCRUED LIABILITIES NOT DUE.				
Accrued Taxes.....	\$ 17,135 00	\$ 16,950 98	\$ 184 02	
DEFERRED CREDIT ITEMS.....	\$ 14,939 05	\$ 21,622 96		\$ 6,683 91
APPROPRIATED SURPLUS.				
Additions to Property since June 30, 1907, Through Income.....	\$ 100,029 48	\$ 100,029 48		1,460 51
Betterment Fund.....		1,460 51		
Total.....	\$ 100,029 48	\$ 101,489 99		\$ 1,460 51
PROFIT AND LOSS at June 30, 1911—Credit.....		\$ 131,130 64		\$ 131,130 64
Grand Total.....	\$9,526,192 44	\$9,541,457 13		\$ 15,264 69

THE RIO GRANDE SOUTHERN RAILROAD CO.

SUMMARY OF FINANCIAL OPERATIONS.

FOR THE FISCAL YEAR ENDED JUNE 30, 1912.

DECREASE OF ASSETS.

Property Investment.....	\$ 89 13	
Cash on Hand and in Transit.....	46,082 95	
Securities in Treasury.....	25,531 25	
Traffic and Car Service Balances Due from Other Companies.....	233 97	
Net Balances Due from Agents and Conductors....	222 10	
Materials and Supplies.....	5,631 61	
Deferred Debit Items.....	134,394 32	\$212,185 33

INCREASE OF LIABILITIES.

Traffic and Car Service Balances Due to Other Companies.....	\$47,265 42	
Audited Vouchers and Wages Unpaid.....	76,381 47	
Miscellaneous Accounts Payable.....	70 33	
Matured Interest Unpaid.....	60 00	
Other Working Liabilities.....	49 13	
Accrued Taxes.....	184 02	124,010 37
Grand Total to be accounted for.....		\$336,195 70

INCREASE OF ASSETS.

Miscellaneous Accounts Receivable.....	\$ 3,437 00	
Other Working Assets.....	840 36	\$ 4,277 36

DECREASE OF LIABILITIES.

Deferred Credit Items.....	6,683 91	
Betterment Fund.....	1,460 51	
		\$ 12,421 78
Decrease in Profit and Loss.....	323,773 92	
Grand Total accounted for.....		\$336,195 70

OPERATING REVENUES, EXPENSES AND TAXES.

FOR FISCAL YEAR ENDED JUNE 30, 1912.

Compared with Year Ended June 30, 1911.

OPERATING REVENUES.	1911-12.	1910-11.	Increase.	Decrease.
TRANSPORTATION REVENUES.				
Freight.....	\$379,107 48	\$399,817 31		\$ 20,709 83
Passenger.....	96,973 86	119,777 04		22,803 18
Excess Baggage.....	2,277 81	3,016 87		739 06
Parlor and Chair Car.....	1,439 75	1,745 75		306 00
Mail.....	11,744 74	13,020 99		1,276 25
Express.....	14,738 02	16,901 14		2,163 12
Other Passenger Train.....	14 80	170 20		155 40
Switching.....	199 00	75 00	\$ 124 00	
Special Service Train.....	50 00	292 50		242 50
Total.....	\$506,545 46	\$554,816 80		\$ 48,271 34
OTHER OPERATING REVENUES.				
Storage Freight.....	\$ 360 71	\$ 398 29		\$ 37 58
Storage Baggage.....	108 45	190 90		82 45
Car Service.....	270 00	321 00		51 00
Telegraph Service.....	314 40	242 73	\$ 71 67	
Miscellaneous.....	282 65	264 71	17 94	
Joint Facilities—Cr.....	2,389 50	3,499 00		1,109 50
Total.....	\$ 3,725 71	\$ 4,916 63		\$ 1,190 92
Total Operating Revenues.....	\$510,271 17	\$559,733 43		\$ 49,462 26
OPERATING EXPENSES.				
Maintenance of Way and Structures.....	\$283,972 14	\$118,798 63	\$165,173 51	
Maintenance of Equipment.....	40,847 41	43,222 42		\$ 2,375 01
Traffic Expenses.....	2,123 08	2,107 97	15 11	
Transportation Expenses.....	201,617 28	176,696 41	24,920 87	
General Expenses.....	18,361 65	19,729 07		1,367 42
Total Operating Expenses.....	\$546,921 56	\$360,554 50	\$186,367 06	
Percentage of Operation.....	107 18	64 43		
Net Operating Revenue Loss 1912.....	\$ 36,650 39	\$199,178 93		\$ 235,829 32
Taxes.....	35,680 75	33,901 98	\$ 1,778 77	
Operating Income Loss 1912.....	\$ 72,331 14	\$165,276 95		\$ 237,608 09

INCOME ACCOUNT.

FOR THE FISCAL YEARS ENDED JUNE 30, 1912 AND 1911.

	1911-12.		1910-11.	
Operating Revenues.....	\$510,271 17		\$559,733 43	
Operating Expenses.....	546,921 56		360,554 50	
Net Operating Revenue..	\$ 36,650 39	(Loss)	\$199,178 93	
Taxes.....	35,680 75		33,901 98	
Operating Income.....	(Loss)	\$ 72,331 14		\$165,276 95
Add: Other Income				
Interest on Securities				
Owned.....	\$ 5,051 11		\$ 5,040 00	
Interest and Discount.....	2,236 41		2,480 06	
Rental of Road, Yards, Terminals, etc.....	1,385 76		1,283 25	
Hire of Equipment.....	987 00		831 80	
Miscellaneous.....	125 00	9,785 28	125 00	9,760 11
Total Income.....	(Loss)	\$ 62,545 86		\$175,037 06
Deductions from Income				
Interest on Funded Debt	\$180,400 00		\$180,400 00	
Rental of Road, Yards, Terminals, etc.....	6,839 32		6,858 64	
Hire of Equipment.....	8,637 51	195,876 83	9,966 10	197,224 74
Deficit for the Year.....		\$258,422 69		\$ 22,187 68

GENERAL PROFIT AND LOSS ACCOUNT.

AT JUNE 30, 1912.

	Dr.	Cr.
By Balance, June 30, 1911.....		\$ 131,130 64
By Betterment Fund.....		1,460 51
To Loss on Sale of Securities.....	\$ 3,062 50	
To Deficit for the Year ended June 30, 1912, as per Income Account above.....	258,422 69	
To Reservoir Washout Expenses (Year 1909).....		
Total.....	\$133,749.24	
Less: Payment by Telluride Power Co. 70,006.00	63,749 24	
By Balance.....		192,643 28
	\$325,234 43	\$ 325,234 43
By Balance at Debit of Profit and Loss June 30, 1912.....	\$192,643 28	

PROPERTY INVESTMENT AT JUNE 30, 1912.

Cost of Road and Equipment to June 30, 1907.....	\$9,020,000 00
Cost of Road and Equipment since June 30, 1907:	
At June 30, 1911.....	\$76,341 40
Additions and Betterments during the fiscal year ended June 30, 1912.....	1,710 87
Less: Two Passenger Cars destroyed by fire.....	\$78,052 27
Total Cost of Road and Equipment.....	1,800 00
	76,252 27
	\$9,096,252 27

FREIGHT BUSINESS BY MONTHS.

MONTH.	1911-12.		1910-11.	
	Tons.	Revenue.	Tons.	Revenue.
July.....	12,446	\$ 30,497 96	15,391	\$ 38,502 62
August.....	15,355	33,788 05	15,766	38,516 74
September.....	15,830	35,647 50	18,199	41,344 47
October.....	9,767	22,310 34	20,478	43,191 02
November.....	12,525	31,156 09	19,244	38,514 10
December.....	19,556	38,478 03	16,530	34,099 02
January.....	16,799	33,799 56	13,123	28,746 44
February.....	12,318	31,016 12	10,173	23,949 55
March.....	9,939	23,845 42	11,282	26,252 66
April.....	13,207	38,052 22	11,567	27,676 72
May.....	12,463	30,551 99	12,446	29,914 85
June.....	11,611	29,964 20	13,646	29,109 12
Total.....	161,816	\$379,107 48	177,845	\$399,817 31

PASSENGER BUSINESS BY MONTHS.

MONTH.	1911-12.		1910-11.	
	Passengers.	Revenue.	Passengers.	Revenue.
July.....	5,436	\$ 10,852 33	6,589	\$ 12,661 63
August.....	5,487	10,901 69	6,291	11,980 71
September.....	5,604	10,971 71	6,237	12,301 91
October.....	3,479	7,464 22	5,553	11,297 29
November.....	3,345	6,055 04	5,456	10,545 46
December.....	3,200	5,501 94	4,732	9,776 55
January.....	3,536	6,474 26	3,502	7,299 62
February.....	4,263	7,551 03	3,441	6,546 91
March.....	3,700	7,158 62	4,276	8,128 56
April.....	4,010	7,688 23	4,581	9,037 34
May.....	4,045	7,955 69	4,952	9,974 79
June.....	4,405	8,399 10	5,424	10,226 27
Total.....	50,510	\$ 96,973 86	61,034	\$119,777 04

CLASSIFIED FREIGHT TONNAGE AND REVENUE.

COMMODITIES.	1911-12.				1910-11.			
	Tons.	Per Cent.	Revenue.	Per Cent.	Tons.	Per Cent.	Revenue.	Per Cent.
PRODUCTS OF AGRICULTURE.								
Grain.....Carloads	1,619	1.01	\$ 6,707 69	1.77	1,411	0.79	\$ 6,866 45	1.72
Flour....."	1,108	.68	5,237 13	1.38	1,134	0.64	5,300 72	1.33
Other Mill Products....."	215	.13	1,003 26	.27	349	0.20	1,574 88	0.39
Hay....."	1,878	1.16	3,425 12	.90	2,457	1.38	6,063 96	1.52
Sugar Beets....."								
Fruits....."	824	0.51	2,196 85	0.58	161	0.09	717 57	0.18
Vegetables....."	879	0.54	3,859 84	1.02	1,186	0.67	3,620 91	0.90
Total.....	6,523	4.03	\$ 22,429 89	5.92	6,698	3.77	\$ 24,144 49	6.04
PRODUCTS OF ANIMALS.								
Live Stock.....Carloads	5,373	3.32	\$ 9,738 80	2.57	8,647	4.86	\$ 12,337 70	3.09
Dressed Meats....."								
Other Packing House Products....."	160	0.09	1,255 83	0.33	115	0.06	874 28	0.22
Wool.....Carloads and Less	253	0.15	2,131 78	0.56	242	0.14	2,635 50	0.66
Hides and Leather....." " "	44	0.04	433 60	0.12	53	0.03	501 96	0.12
Total.....	5,830	3.60	\$ 13,560 01	3.58	9,057	5.09	\$ 16,349 44	4.09
PRODUCTS OF MINES.								
Anthracite Coal.....Carloads	393	0.24	\$ 1,179 60	0.31	588	0.33	\$ 1,700 98	0.43
Bituminous Coal....."	67,479	41.70	68,701 16	18.12	77,225	43.42	71,606 71	17.91
Coke....."	158	0.09	500 14	0.13	203	0.12	732 35	0.18
Precious Ore....."	41,693	25.77	116,104 61	30.63	46,115	25.93	135,777 72	33.96
Manganese Ore....."								
Bullion....."					634	0.36	2,140 85	0.54
Stone, Sand and Clay....."	190	0.12	283 18	0.07	139	0.08	179 22	0.04
Salt....."	1,380	0.86	5,866 52	1.55	821	0.46	3,684 05	0.92
Asphaltum....."								
Total.....	111,293	68.78	\$192,635 21	50.81	125,725	70.70	\$215,821 88	53.98

CLASSIFIED FREIGHT TONNAGE AND REVENUE.—CONTINUED.

COMMODITIES.	1911-12.				1910-11.			
	Tons.	Per Cent.	Revenue.	Per Cent.	Tons.	Per Cent.	Revenue.	Per Cent.
PRODUCTS OF FOREST.								
Lumber.....Carloads	19,062	11.78	\$ 34,653 63	9.14	17,779	10.00	\$ 31,506 47	7.88
MANUFACTURES.								
Canned Goods.....Carloads	127	0.08	\$ 922 15	0.24	258	0.15	\$ 1,907 23	0.48
Sugar, Glucose and Molasses....."	164	0.10	1,058 45	0.28	183	0.10	1,272 48	0.32
Petroleum and Other Oils....."	1,561	0.96	4,022 90	1.06	659	0.37	1,808 09	0.45
Iron, Pig and Bloom....."								
Rails....."	33	0.02	245 61	0.06	42	0.02	313 57	0.08
Castings and Machinery....."	877	0.54	5,988 36	1.58	774	0.44	5,093 40	1.27
Bar and Sheet Metal....."	233	0.14	1,788 27	0.47	257	0.14	1,585 59	0.40
Agricultural Implements....."	190	0.12	859 84	0.23	177	0.10	917 95	0.23
Wagons, Carriages, Tools, etc. ..."	122	0.08	719 09	0.19	68	0.04	205 74	0.05
Cement, Brick and Lime....."	2,835	1.75	6,101 96	1.61	3,501	1.97	6,470 37	1.62
Wines, Liquors and Beer....."	510	0.32	3,741 23	0.99	628	0.35	4,653 87	1.16
Household Goods and Furniture....."	91	0.06	496 09	0.13	115	0.06	792 78	0.20
Military Supplies....."								
Powder....."	424	0.26	6,475 14	1.71	443	0.25	6,889 02	1.72
Total.....	7,167	4.43	\$ 32,419 09	8.55	7,105	3.99	\$ 31,910 09	7.98
Miscellaneous.....Carloads	4,223	2.61	\$ 14,732 15	3.88	3,521	1.98	\$ 11,496 73	2.88
General Merchandise, L. C. L.....	7,718	4.77	\$ 68,677 50	18.12	7,960	4.47	\$ 68,588 21	17.15
Grand Total.....	161,816	100.00	\$379,107 48	100.00	177,845	100.00	\$399,817 31	100.00

OPERATING REVENUES, EXPENSES AND NET REVENUE

FROM JULY 1, 1899, TO JUNE 30, 1912.

YEAR.	Average Miles Operated.	Operating Revenues.	Operating Expenses.	Net Operating Revenue.
1899-1900.....	180.40	\$525,136 80	\$281,662 35	\$243,474 45
1900-1901.....	180.40	539,529 48	286,780 77	252,748 71
1901-1902.....	180.40	575,675 27	313,134 71	262,540 56
1902-1903.....	180.40	553,554 34	275,397 02	278,157 32
1903-1904.....	180.40	461,566 07	269,555 58	192,010 49
1904-1905.....	180.40	466,386 24	259,452 37	206,933 87
1905-1906.....	180.40	562,908 06	324,631 73	238,276 33
1906-1907.....	180.40	609,603 70	373,465 39	236,138 31
1907-1908.....	179.79	605,753 27	374,486 24	231,267 03
1908-1909.....	179.79	576,151 64	379,972 51	196,179 13
1909-1910.....	179.79	546,519 78	385,790 05	160,729 73
1910-1911.....	179.79	559,733 43	360,554 50	199,178 93
1911-1912.....	179.79	510,271 17	546,921 56	*36,650 39

NOTE.—For the purpose of comparison the figures for 1907 were revised to conform to the Classification of 1908, and those of 1908 revised to conform to the Classification of 1909.

* Loss.