

## COAL TRAINS NORTH

### The Rochester and Pittsburgh Railroad Company

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STRUGGLES to dominate north and south rail routes through the western parts of Pennsylvania and New York began before the Civil War and continued unabated past the turn of the century. Stakes were high and powerful interests were involved, for the traversed region held vast resources in timber, oil, raw chemicals and, above all, bituminous coal of outstanding quality. Before a balance of power was eventually achieved among the few survivors, a number of companies gave up their corporate lives. This is the story of one of them.

The Rochester and Pittsburgh Railroad Company lasted only six years, from 1881 to 1887. During that short existence, the enterprise experienced such typical patterns of success and failure that it stands as a microcosm. Yet, the development of the coal industry in Western Pennsylvania was peculiarly affected by the aspirations and activities of this company, whose leaders took over a defunct railroad in New York State and forged a line which in later years was to become that significant coal hauler known as the Buffalo, Rochester & Pittsburgh Railway.

As early as 1854, two routes northward to the Great Lakes were already contemplated. One was from Pittsburgh through Kittanning, Brookville and Johnsonburg to Ceres, New York, on the state line, and thence down the east side of the Genesee River to Rochester.<sup>1</sup> The other made connection with the first near the present site of Smethport, curved northwesterly to the neighborhood of Salamanca, New York, and proceeded first northward and then northwestward to Buffalo.<sup>2</sup> Contemporary accounts clearly show that the planners

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1 *Report of the President and Managers of the Allegheny Valley Rail Road to the Stockholders with the Chief Engineer's Report and Treasurer's Statement*, Pittsburgh, Pa., February 7, 1854.

2 *Reports of E. R. Blackwell, Chief Engineer of the Buffalo and Pittsburgh R. R. with Maps, Profiles, etc. together with a Communication from the President in Relation to Its Condition and Business Prospects*, Clapp, Matthews & Co., Buffalo, N. Y., May 1854.

were already aware that McKean County held promise of traffic in soft coal as well as timber, but the projected lines were not completed, due to financial difficulties.

At the end of the Civil War, the cost of coal soared in western New York, precipitating widespread discontent with the Erie Railroad which was blamed for setting prices in that area. Interest in a railroad from Rochester to Pennsylvania ignited again in 1869 and culminated in the Rochester and State Line Railway, 107 miles long, which was completed from Rochester to Salamanca in 1878, after numerous delays.<sup>3</sup>

Like many of its contemporaries, the Rochester and State Line was founded with undue optimism by men who had neither the financial resources nor the business acumen to cope with powerful opponents. Agricultural products alone could not sustain the operation and potential traffic in oil and salt developed too slowly to be of help. Consequently, the little company failed and was sold under foreclosure to a syndicate headed by Walston H. Brown of New York City.<sup>4</sup>

On January 17, 1881, Mr. Brown reorganized under the name of the Rochester and Pittsburgh Railroad Company.<sup>5</sup> In addition to a little more than a hundred miles of badly-maintained track with old iron rails, the new company inherited some inadequate structures and facilities, eleven run-down locomotives and an assortment of 268 cars, only seventy of which were suited for carrying coal — hardly an impressive beginning.<sup>6</sup> But for the first time, the enterprise possessed capable leadership and realistic motivation to insure its growth, if not its prosperity. Walston H. Brown was no small businessman. He had strong financial associates such as Adrian Iselin, Jr., to share his intention of transporting Pennsylvania coal to Rochester and Buffalo. Moreover, he attracted from other employment some experienced managers and engineers to handle actual operations of the road and to draw up plans for the significant expansion anticipated by the new directors.

The idea of expansion was firmly implanted from the start. Ever since 1874, when coal was first shipped from the Diamond Mine, just north of Reynoldsville, it had become increasingly evident that Jeffer-

3 *Corporate History of the Buffalo, Rochester & Pittsburgh Railway Company*, Office of the Chief Engineer, Valuation Department, B. R. & P. Ry. Co., September 30, 1920, 2.

4 *Ibid.*

5 *Ibid.*, 9.

6 H. V. and H. W. Poor, *Poor's Manual of Railroads*, American Bank Note Co., New York, 1881, 162.

son County was rich in steam coal of much better quality than that procured from the northern edge of the field.<sup>7</sup> The Rochester and Pittsburgh company, therefore, planned immediately to extend their line southward from Salamanca to the heart of the coal region and northward from Rochester to the port of Charlotte on Lake Ontario where loads could be transferred to sailing vessels.

Any such attempt was bound to meet disfavor from competing lines, and trouble was not long in coming. Mr. Brown initially sought to obtain a right-of-way down the Allegheny River from Salamanca to Warren, but the route was blocked by Pennsylvania Railroad interests who were locating in the vicinity.<sup>8</sup> Then he received a charter to build nine miles of railroad from Rochester to Charlotte, only to discover that the New York Central had influenced owners to withhold land on which he had intended to construct terminal and dock facilities.<sup>9</sup> Even an attempt to extend the main line a mere 0.7 mile to the site of a new passenger terminal within the city limits of Rochester was temporarily thwarted when a small railroad company hurriedly laid tracks across the Rochester and Pittsburgh route.<sup>10</sup>

In spite of these annoyances, plans for locating the line went forward and by June 1881 a route was anticipated from Charlotte to Rochester and southward along the existing main line to a point just north of Salamanca, thence through Bradford and Ridgway to Brookville where connection would be made with the Allegheny Valley road to Pittsburgh. The line in New York State was to be extended by constructing a branch from Buffalo southeastward through Springville to a junction with the main line at Ashford, ninety-four miles south of Rochester.<sup>11</sup>

The projected route was over difficult terrain and actual construction took two years to complete. On the Buffalo branch, where quicksand was encountered, regular passenger trains did not begin to run until November 19, 1883.<sup>12</sup> As built, the road conformed to the

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7 W. J. McKnight, *Pioneer Outline History of Northwestern Pennsylvania*, J. B. Lippincott Co., Philadelphia, 1905, 711.

8 *Corporate History*, 54-56.

9 *Railroad Gazette*, 73 Broadway, New York, N. Y., March 3, 1882.

10 *Rochester Morning Herald*, June 28, 1881.

11 *Railroad Gazette*, January 6, 1882. This issue contains a review of the annual report of the Rochester and Pittsburgh company for the abbreviated period from Feb. 1, 1881, to Sept. 30, 1881. Original location of the intended route is set forth in a direct quotation from Mr. Brown's report to the stockholders.

12 *History of the Counties of McKean, Elk, Cameron and Potter, Pennsylvania*, J. H. Beers & Co., Chicago, 1890, 158 (McKean County).

projected route except at the south end, where, instead of turning toward Brookville, the line extended southward from Ridgway through DuBois to Punxsutawney.<sup>13</sup> Thus, the railroad formed a large "Y" with its stem deep in the coal fields of Pennsylvania and its branches reaching to Buffalo and Rochester on the lakes.

Two days before Christmas 1883, overnight passenger service was inaugurated between Rochester and Pittsburgh through agreement with the Allegheny Valley road. Each company contributed a sleeping car and a day coach to the through-service and the cars were exchanged where the lines met at Falls Creek, just north of DuBois. The northbound train left Pittsburgh at 8:20 P.M. and arrived in Rochester at 7:30 A.M., while the southbound train left Rochester at 8:20 P.M. and arrived in Pittsburgh at 7:50 A.M.<sup>14</sup> Fifty years later, the scheduled time between the two cities had been reduced by only an hour in spite of improved equipment and a shorter route.

To handle increased traffic and tonnage, the Rochester and Pittsburgh purchased additional engines from the Brooks Locomotive Works at Dunkirk, New York, and by early 1884 the number of locomotives in service had grown to sixty. A few were passenger engines of the "American" type with four large driving-wheels, and a few were six-wheeled switching engines, but most were freight engines of the new "consolidation" type with eight driving-wheels.<sup>15</sup> Weighing about forty-eight tons, the consolidations were considered behemoths in their day, even though tiny by more modern standards, and the railroad was proud to have so many on its roster. In keeping with contemporary custom, many of the locomotives bore names as well as road numbers. They were named for stations on the line, a practice quite common at the time. To meet the growth of business, all kinds of cars were added to the rolling stock and by 1886 there were 4182 cars in service, 3028 of which were built to carry coal and coke — a remarkable increase over the seventy coal cars inherited from the small Rochester and State Line in 1881.<sup>16</sup>

In locating the line and purchasing equipment, the directors made it abundantly clear that their purpose was to haul coal, and they

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13 *Railroad Gazette*, July 28, 1882; *Rochester Post Express*, July 28, 1882. Stations south of Bradford are listed in *Railroad Gazette*, September 22, 1882.

14 McKnight, 705.

15 R. R. Rothfus, "More About Locomotives of the Buffalo, Rochester & Pittsburgh Ry.," *The Railway and Locomotive Historical Society Bulletin* No. 119, October 1968, 34-60.

16 Poor, 1887, 126.

proceeded vigorously to enter that trade. Two experts in geographical surveys of the bituminous fields were employed to select and purchase six thousand acres of the best lands in the company's interest. To utilize these holdings, the Rochester & Pittsburgh Coal & Iron Co. was formed with a capital of four million dollars. The intention of the organizers was to produce two thousand tons of coal a day as soon as the railroad could be completed to the projected collieries.<sup>17</sup> The railroad company purchased the stock of the coal company on Mr. Brown's recommendation, thus putting themselves in the strange position of competing directly with coal producers whose shipping business they were in the process of soliciting.<sup>18</sup>

The best prospective customer of the railroad was the Bell, Lewis & Yates Coal Mining Company, a firm owning miles of coal lands from Bell's Mills to beyond Reynoldsville and DuBois. Frederick A. Bell, whose father originally purchased the holding for its timber, had joined his brother-in-law, George H. Lewis, and a prominent, experienced coal merchant, Arthur G. Yates, to form the mining company whose operations were rapidly becoming the largest in that region.<sup>19</sup> Much of their success was due to Mr. Yates who demonstrated exceptional ability to sell the product, especially in northern markets. Since most of their coal went to the Great Lakes and Canada, Bell, Lewis and Yates were ready to give the Rochester and Pittsburgh road a large portion of their business once it reached the vicinity of DuBois.<sup>20</sup>

The Rochester & Pittsburgh Coal & Iron Co. bought lands astride the Bell, Lewis and Yates property. One parcel was at Beechtree, near Falls Creek; the other was at Walston, a few miles from Punxsutawney. The coal deposits at Beechtree were found to be four feet thick, holding promise of one thousand tons a day of the best quality steam coal, almost equal to the output at DuBois. The veins at Walston were even thicker, averaging seven feet, and the coal proved to be excellent for coking.<sup>21</sup> The coal company was clearly destined to compete seriously with Bell, Lewis and Yates, even though its parent, the railroad company, could not succeed without their tonnage.

<sup>17</sup> *Railroad Gazette*, January 6, 1882.

<sup>18</sup> *Ibid.*, November 17, 1882.

<sup>19</sup> *Pittsburgh Times*, May 24, 1890, as quoted and corrected by Dr. McKnight in his *Pioneer Outline History*, 711-717.

<sup>20</sup> *Ibid.*

<sup>21</sup> *Railroad Gazette*, January 19, 1883. This issue contains a review of the Rochester and Pittsburgh company's annual report for 1882 and descriptions of the coal veins are given in direct quotations from Mr. Brown's report to the stockholders.

Another odd arrangement involved the New York, Lake Erie and Western Coal and Railroad Company who correctly viewed the Rochester and Pittsburgh as a potential competitor of no little size. The Erie set out to challenge the Rochester road's right-of-way along the Clarion River in Elk County, and for a long time a legal stalemate resulted. In April 1882, the Rochester and Pittsburgh ended the contest by putting a force of six hundred men to work on the disputed right-of-way. Within three weeks, two miles of track were in place, rendering the Erie route inaccessible and resulting in an agreement by the two companies to exchange rights-of-way and to share construction of a common stretch of double track near the mouth of the Little Toby.<sup>22</sup> Strangely enough, in spite of such obvious tension, the Erie granted trackage rights to the Rochester and Pittsburgh over thirty-six miles of line south of Bradford.<sup>23</sup> By doing so, the Erie saved the Rochester road the trouble of constructing a difficult line up the northern edge of the Big Level, made available its own engineering wonder, the Kinzua viaduct, and virtually assured success to the new contender. Likewise, another major competitor, the Pennsylvania Railroad, granted the Rochester and Pittsburgh pro rata use of the Allegheny Valley line from Falls Creek to Pittsburgh on favorable terms.<sup>24</sup> Thus, the Rochester and Pittsburgh was able to move freight and passengers over segments of routes belonging to the company's strongest rivals.

By late 1883, traffic was developing rapidly from the mines at Beechtree and Walston where company-owned towns had been built. Miners' houses at Beechtree cost \$250 to build and rented for \$60 a year, while those at Walston cost \$200 and rented for \$48 a year.<sup>25</sup> The figures speak for themselves about the value of currency in those days, and they also show that the company demanded quick recovery of its investment, reflecting the temporary nature of mining sites from management's point of view.

The collieries at Beechtree had a capacity of thirty-five to forty cars a day by the fall of 1883 and the capacity at Walston was twice as great. To enhance further his already large business, Mr. Yates built new coal docks near Charlotte, New York, thus encouraging

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22 *History of Counties*, 626-7 (Elk County); *Rochester Democrat and Chronicle*, April 13, 1882; *Corporate History*, 16.

23 *Corporate History*, 18-19.

24 *Railroad Gazette*, January 19, 1883.

25 *Annual Report of the Rochester & Pittsburgh Railroad Company for Year Ending September 30, 1883*, Evening Post Job Printing Office, New York, 1883, 10-11.

shipments to Rochester as well as Buffalo. In the summer of 1883, the Rochester and Pittsburgh's share of the Bell, Lewis and Yates traffic amounted to one hundred cars of coal a day.<sup>26</sup> Since the railroad's schizophrenic role of competitor-associate was untenable in the long run, management of its soft coal business was soon turned over to Bell, Lewis and Yates.<sup>27</sup>

About the first of October 1883, a miners' strike shut down operations at the Bell firm, causing the railroad to lose that business for two months. The predictable attitude of Rochester and Pittsburgh management was epitomized by a passage in President Brown's report on November 14: "The miners at work in our company's mines did not belong to the union and were willing to work provided we would protect them from the strikers. We had Mr. Pinkerton send up forty of his men, armed with Winchester repeating rifles, and had them sworn in as special police under the laws of Pennsylvania, so that our mines were idle only three or four days."<sup>28</sup>

The Rochester and Pittsburgh never developed heavy traffic in anything but coal and coke. Its financial welfare therefore depended on the tonnage and rate structure of that single type of commodity. In the long run, such dependence was disastrous, for although tonnage was great, competition squeezed most of the profit out of the business.

When the railroad reached DuBois and Punxsutawney, it opened direct competition with the New York, Lake Erie and Western and the Buffalo, New York and Philadelphia roads. Attempts were made to form a pool, but the Rochester and Pittsburgh demanded a full third of the trade while the other two companies were willing to concede only twenty per cent to the newcomer.<sup>29</sup> A crisis ensued when the Grand Trunk contract for 1884 was won by Bell, Lewis and Yates who arranged to ship most of their coal over the Rochester and Pittsburgh. The Erie immediately sought to cancel the agreement which granted the Rochester and Pittsburgh trackage rights over its line south of Bradford, but that attempt was foiled and the companies continued to jockey for position.<sup>30</sup> Competition was so keen that the New York Central obtained its 1884 coal under contract for \$1.60 a ton, delivered at Buffalo, leaving no profit for either miners or railroads.<sup>31</sup>

<sup>26</sup> Rochester *Morning Herald*, September 21, 1883.

<sup>27</sup> *Railroad Gazette*, May 1, 1885.

<sup>28</sup> *Annual Report*, 1883, 7-8.

<sup>29</sup> *Railroad Gazette*, March 28, 1884.

<sup>30</sup> *Ibid.*; *ibid.*, May 2, 1884; *ibid.*, May 16, 1884.

<sup>31</sup> *Ibid.*, May 1, 1885.

From 1881 to 1885, annual gross earnings of the Rochester and Pittsburgh increased remarkably from \$170,593 to \$1,216,679. Net earnings, however, were far below the amounts necessary to keep yearly deficits from climbing; in fact, they rose from \$29,315 in 1881 to a staggering \$324,495 in 1885.<sup>32</sup> The figures leave little doubt that traffic was heavy enough to have sustained the enterprise had the profit per ton been held at a reasonable level. That was not the case, however, and the management undertook financial maneuvers which eventually led to foreclosure.

Early in 1884, the company issued \$2,800,000 of second mortgage bonds and shortly afterward claimed that \$1,100,000 of these bonds had been taken by stockholders.<sup>33</sup> In truth, \$2,000,000 of the bonds had been offered to stockholders of the company, but none had been taken, and it was Walston H. Brown & Brothers who finally took the \$1,100,000 parcel and purchased new rolling stock with the proceeds.<sup>34</sup>

It was intended to use the \$1,700,000 not taken to liquidate the company's floating debt, but business was depressed and no money could be borrowed on the bonds. When an attempt to assess the stock of the company in order to pay the floating debt was rejected by most of the stockholders, plans were set in motion to effect reorganization through foreclosure of the second mortgage.<sup>35</sup> Immediate resistance was encountered from a group of minor stockholders who questioned the validity of so-called loans made to the company by Adrian Iselin & Co. and Walston H. Brown & Brothers, for which those firms held second mortgage bonds as security.<sup>36</sup> In spite of the opposition, the company defaulted on the interest due August 1, 1884, and foreclosure hearings were begun at Lock Haven, Pennsylvania, in October.<sup>37</sup>

In March 1885 the Superior Court of New York declared that the bondholders were entitled to a decree of foreclosure and appointed a referee to evaluate their claims.<sup>38</sup> After further delays brought about by the contesting stockholders, the New York court finally directed a judgment of sale and foreclosure at Rochester on June 20.<sup>39</sup> Ac-

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32 *Ibid.*, January 6, 1882, January 19, 1883, March 28, 1884, January 3, 1885, January 26, 1886.

33 *Ibid.*, February 8, 1884, May 2, 1884.

34 *Ibid.*, June 27, 1884, July 4, 1884.

35 *Ibid.*

36 *Ibid.*, July 25, 1884.

37 *Ibid.*, August 8, 1884, October 10, 1884. Delays caused by actions of dissenting stockholders are also discussed in issues of August 29, 1884, September 12, 1884, and September 26, 1884.

38 *Ibid.*, March 13, 1885.

39 *Ibid.*, June 26, 1885.



cordingly, the referee sold the property of the Rochester and Pittsburgh Railroad Company to Adrian Iselin on October 16.<sup>40</sup>

Those who objected to the sale took their case to the Court of Common Pleas of Elk County, Pennsylvania. In March 1886, that court ruled that the sale of the railroad in Pennsylvania, the creation of second mortgage bonds and the issuing of the bonds were utterly void in Pennsylvania and that adjudication in New York directing foreclosure was not binding on the courts of Pennsylvania.<sup>41</sup> About a month later, the New York Supreme Court at General Term directed the Rochester and Pittsburgh to convey to Adrian Iselin all of its property in New York and Pennsylvania.<sup>42</sup> That decision brought the New York court into direct conflict with the Pennsylvania court.

The purchasers took an appeal to the Supreme Court of Pennsylvania, but in June that court upheld the decision of the lower court in Elk County.<sup>43</sup> At almost the same time, the dissenting stockholders were thwarted by the New York Court of Appeals which ordered the company to give a deed of property to the purchasers.<sup>44</sup>

To break the impasse, the Union Trust Company of New York, originator of the suit, took the dispute to Federal courts for a final decision. About the middle of December 1886, the United States Circuit Court at Pittsburgh granted a judgment against the Rochester and Pittsburgh in Pennsylvania, ruling that "the road in Pennsylvania is entirely subject to such a judgment rendered in New York."<sup>45</sup> The Elk County court accordingly reversed its opinion and on March 12, 1887, all property was, at last, transferred to Mr. Iselin's new creature, the Buffalo, Rochester and Pittsburgh Railway Company.<sup>46</sup> That corporation was destined to continue with considerable success for forty-five years before control finally passed to the Baltimore and Ohio.

The Rochester and Pittsburgh spanned transitional years between pioneer efforts of local interests and emergence of a viable balance among major competitors for the soft coal market. Corporate extinction could remove neither the physical fact that a new, singularly well-located railroad stretched from mines to lakes nor the economic fact that a great new coal producer and shipper influenced the distribution of business.

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<sup>40</sup> *Corporate History*, 26.

<sup>41</sup> *Railroad Gazette*, March 26, 1886; *Corporate History*, 28.

<sup>42</sup> *Railroad Gazette*, April 23, 1886.

<sup>43</sup> *Ibid.*, June 11, 1886.

<sup>44</sup> *Ibid.*, June 25, 1886.

<sup>45</sup> *Ibid.*, December 24, 1886.

<sup>46</sup> *Ibid.*, March 11, 1887; *Corporate History*, 28.

On the one hand, the Rochester and Pittsburgh failed as a corporate entity because it could be no healthier than the infant coal trade to which it was entirely committed. Coal trains laboring northward with full loads met other trains of empty cars returning to the mines, and such one-way tonnage could turn over no profit while the management waged a price war with the Erie and Pennsylvania roads. On the other hand, there was coal to be transported and a share of the business to be won, and on both scores the Rochester and Pittsburgh succeeded in making a lasting mark on the territory. Its producing company, the Rochester & Pittsburgh Coal & Iron Co., eventually merged with Bell, Lewis and Yates and worked large areas of Jefferson, Clearfield, Armstrong and Indiana Counties.<sup>47</sup> The direct north and south route of the railroad, itself, was not only admirably located for access to lake traffic at Buffalo and Rochester, but also intersected many major east and west trunk lines over which Pennsylvania coal could be moved to seaboard by rail.<sup>48</sup> Under impetus of World War I, the Rochester and Pittsburgh's successor hauled more than 10,600,000 tons of bituminous coal and coke over the line in 1917,<sup>49</sup> and as the heavy coal trains rolled northward, engine stacks proclaimed to the sky that the Rochester and Pittsburgh had finally won a secure place in the history of Western Pennsylvania.

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47 *Annual Report*, 1896, 8-9.

48 Rothfus, 34.

49 *Ibid.*