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The Director of Retirement Claims

The General Counsel

Central Railroad Company of Pennsylvania

The Central Railroad Company of Pennsylvania (hereinafter sometimes called "Central of Pennsylvania") was incorporated on March 25, 1911 under the laws of Pennsylvania, as the Easton and Western Railroad Company. It owns a line of steam railroad, about five miles in length, and terminals incident thereto, located within the State of Pennsylvania. It has always been controlled by the Central Railroad Company of New Jersey (hereinafter sometimes called "Jersey Central") through ownership of its capital stock. On February 29, 1944 its name was changed to its present title. From date of completion of construction to August 5, 1946 its properties were operated by the Jersey Central, and it had no compensated officers or employees. On August 5, 1946, pursuant to a plan of the Jersey Central to effect substantial tax savings in the State of New Jersey the Central of Pennsylvania took over the operation of that part of the Jersey Central's transportation system in the State of Pennsylvania, aggregating some 210 miles of railroad including the five miles owned by the Central of Pennsylvania. See Central Railroad Company of Pennsylvania Lease, 261 I.C.C. 755 (June 26, 1946). In General Counsel's Opinion, L-46-505, it was held that the Central of Pennsylvania was a carrier by railroad subject to part I of the Interstate Commerce Act and consequently an employer within the meaning of the Railroad Retirement Act and the Railroad Unemployment Insurance Act. Its name appears in the Employer Status List under Item No. 1099.1 with the period of creditable service shown as August 5, 1946 to date.

In a certificate and order dated December 1, 1952, and effective 30 days from that date, the Interstate Commerce Commission authorized the abandonment of operation by the Central of Pennsylvania of all the lines of railroad comprising its system of transportation and lease by the Jersey Central of the five miles of railroad owned by the Central of Pennsylvania. Central Railroad Company of Pennsylvania Abandonment, Finance Docket No. 17075, \_\_\_ I.C.C. \_\_\_.

In the Commission's report it is stated that the new arrangement was to be consummated pursuant to the terms of an agreement whereby Central of Pennsylvania would assign and transfer to the Jersey Central all of its properties and assets except its corporate franchise and the line of railroad owned by it, which line is to be leased to the Jersey Central. By the terms of the lease the latter agrees to pay the Central of Pennsylvania \$1.00 as rent for the leased property and maintain it in good repair and condition.

In a letter dated December 16, 1952, Mr. E. T. Hoors, President, Central Railroad Company of New Jersey, stated that effective 12:01 A.M., January 1, 1953, the operation of the lines of railroad in question would be taken over by the Jersey Central. In a letter of January 15, 1953 he states that since December 31, 1952 the Central of Pennsylvania has had no compensated officers or employees.

In view of the small amount of mileage owned by the Central of Pennsylvania and the fact that with the exception of the period August 5, 1946 to January 1, 1953, during which it was an operating carrier, it has had no compensated officers or employees, it appears unnecessary to consider it as a "lessor" employer, and I therefore conclude that as of January 1, 1953 the Central of Pennsylvania ceased to be an employer within the meaning of the Railroad Retirement Act and the Railroad Unemployment Insurance Act.

Hyles F. Gibbons  
General Counsel

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