

ST. PAUL EXTENSION SHOULD BE MONEY MAKER.

Boston, Mass. (Special Correspondence)—It is regarded as certain by railroad authorities that a 4 per cent bond on the St. Paul extension could be sold for above par in consideration of the high credit of the company and its constantly increasing earning power. It is the opinion of many that the extension will be a money maker from the start, but it is conceded that branches will be necessary to furnish traffic for the main line.

In fact, the business of Seattle and Tacoma, together with that to be derived from an expected development of the Oriental trade, hardly is sufficient to support a transcontinental main line. The transportation of lumber from Washington to the East is exceedingly lucrative, but to secure this traffic the St. Paul will require branches through the forests.

Already owning about 7,275 miles of main track, the St. Paul road after July 1 will be in the enviable position of possessing about 1,500 miles of main line on which will rest not a dollar of debt.

The directors were criticized for invading the territory of James J. Hill, and it was maintained that the success of the venture was extremely doubtful. What are the facts? In the first place, the cost of the extension has been under early estimates. Again, the old St. Paul mileage already turns over a large amount of traffic to other transcontinental lines and this business will be diverted to the new extension and form the nucleus of a profitable traffic.

Then, too, that portion of the new mileage already in operation is profitable and justifies the opinion that the extension, when completed, will be a marked success. Another consideration is that shippers in the north Pacific coast country are almost unanimous in welcoming a new line to the East, and to break the monopoly long enjoyed by the Hill lines will assist the St. Paul line in every way possible. The country traversed by the extension is developed sufficiently to support an additional road.

With the probability that the St. Paul extension will be completed about July 1, and that numerous branches will be required, the fact that \$200,000,000 of bonds are to be authorized before the new mileage is absorbed by the parent company makes a review of the new issue timely. The company is fortunate in having first-class bonds to offer, especially at a time when bankers are competing eagerly for attractive issues for resale to clients. Bonds on the old St. Paul mileage are regarded highly and their prices compare favorably with those of any other railroad in the United States. The funded debt on the old mileage is about \$17,200 a mile and the capitalization a mile is about \$18,250, or a total of about \$35,450 a mile, which is exceedingly low for so important a road. Thus, the St. Paul branches out as a transcontinental line with a low capitalization.

As last year supremely tested all steam railroads, the results attained by the St. Paul during the 12 months ended June 30, 1908, may be regarded as a fair test of the company's earning power in a panic year without any benefits from the new extension. Taking \$11,500,000 as surplus earnings available for payment of interest on the new bonds, this sum would support \$200,000,000 of new bonds bearing 4 per cent interest, and leave a comfortable surplus, without counting any earnings from the new extension.

On March 1, the new St. Paul stock issued to stockholders at par will be fully paid. Then there will be about \$116,000,000 of preferred stock and about \$16,500,000 of common stock. The current market value of this capitalization, calculating both issues as full paid, exceeds \$350,000,000, and this sum is a junior equity to all bonds of the company.

WILL SOON START WORK ON NEW DEPOT.

After years of waiting the work of getting a new Northern Pacific depot at Tacoma is under way. Surveyors are doing preliminary work, and plans are being prepared for a temporary structure to be used while the new depot is being built.

General Manager Nutt feels highly gratified over the satisfactory adjustment with the city, which has delayed this work for so long. He states the work will be put through now at a rapid rate.

The temporary depot which the Northern Pacific will put up will be a light structure, somewhat larger than the present depot, and much more satisfactory in every respect. This will be located on Dock street. The plans of the building will be fully worked out within a few days.

In the new arrangement trains entering Tacoma from Portland will back in as they do now, and be switched through the old yard and down to Dock street. Trains coming from Eastern points will be run around by the head of the bay and make direct entrance into the depot. This will in part do away with the bridge over the channel, until the new depot is completed.

N. P. POINT DEFIANCE CHANGES.

While a great deal of preliminary work has been done by surveyors on the Point Defiance changes in the Northern Pacific line, it probably will be several months before actual work is started.

This delay is caused in great part by failure to secure property and the slow method of condemnation. Several suits were brought and closed during the last session of the court, and this will be continued next month. This will probably close condemnation proceedings, and place the road in position to begin active work.

MUCH RAILROAD WORK IN PROSPECT.

The present year promises to be the most active in railroad work that Tacoma has ever experienced. It is expected that the Northern Pacific, Union Pacific, and Chicago, Milwaukee & Puget Sound Railway will have several thousand men at work.

Work was started last week on the new Union Pacific tunnel at Tacoma, which will be one of the most difficult pieces of work of this nature ever put through. The work is to be done by Twohy at an estimated cost of \$800,000.

This tunnel begins at a point on Twenty-third street. The entrance at this end begins through the basement of the Pacific Glass & Paint Company's building, and when cleared away will embrace some 700 square feet. The entrance to the tunnel on the south end is near the Willamette Casket Company, on Center street. The tunnel will be 8,600 feet in length. The tunnel has several curves, which are said to carry several hard engineering features. The grade is about 1.85 per cent.

NEW BOILERS FOR STEAMER LINDSEY.

Another job of boiler building went to the Commercial Boiler Works last week, when they were given the contract to fit out two Scotch boilers for the steamer Lindsay, which has been taken to Gray's Harbor to have repairs made to hull and house.

The two new boilers of the Lindsay are 10 feet long by 10 feet 6 inches in diameter. They will be fitted with two furnaces of the Morrison type. The furnace will be 38 inches mean diameter. They will each have 166 tubes, and be allowed a working pressure of 150 pounds per square inch.