

The Milwaukee Holds Its Gains

Traffic and revenues this year exceeding those of last, which was best in history—Rate level inadequate

THE Chicago, Milwaukee, St. Paul & Pacific, which is rounding out the second year of its corporate existence, is enjoying the highest gross revenues in the history of the property now owned by this company. In 1928 gross operating revenues exceeded those of prior years, being \$7,612,080 greater than in 1927. During the first eight months of the present year, however, gross operating revenues exceeded those of the same period in 1928 by 3.6 per cent. Nevertheless, with this increase in gross revenues, net railway operating income is still inadequate—only 3.84 per cent on property investment and 4.17 per cent on the Interstate Commerce Commission's valuation in 1928—a situation which the Milwaukee faces in common with other railroads in the Northwestern region arising from an abnormally depressed rate level.

Revenue and expense statistics and ratios for the first eight months of the current year as compared with the same period last year are given in Table 1. It will be noted that freight revenues increased 4.1 per cent and that passenger revenues declined 6.6 per cent, the increase in total operating revenues being 3.6 per cent. Maintenance of way and maintenance of equipment expenses increased in direct proportion to increased gross revenues so that their ratios to such revenues

Table I—Revenues and Expenses—
Eight Months

| | 1929 | 1928 | + Increase or - Decrease Per cent |
|--------------------------|--------------|--------------|-----------------------------------------|
| Freight Revenue | \$90,567,053 | \$87,031,831 | + 4.1 |
| Passenger Revenue | 11,534,717 | 12,344,257 | - 6.6 |
| Total Operating Revenue | 113,657,985 | 109,692,067 | + 3.6 |
| M. of W. Expenses | 19,176,415 | 18,594,838 | + 3.1 |
| M. of E. Expenses | 20,786,245 | 20,022,095 | + 3.8 |
| Transportation Expenses | 40,374,384 | 38,770,087 | + 4.1 |
| Total Operating Expenses | 86,579,888 | 83,379,499 | + 3.8 |
| Net Ry. Oper. Income | 16,457,573 | 16,106,573 | + 2.2 |
| M. of W. Ratio % | 16.9 | 16.9 | .. |
| M. of E. Ratio % | 18.3 | 18.3 | .. |
| Transportation Ratio % | 35.5 | 35.3 | + 0.6 |
| Operating Ratio % | 76.2 | 76.0 | + 0.3 |

remained unchanged at 16.9 per cent and 18.3 per cent respectively. A fractional increase occurred in the transportation ratio, that index standing at 35.5 per cent of operating revenues for the first eight months of 1929 and this increase occasioned a minute rise in the operating ratio which was 76.2 per cent for the first eight months of this year as compared with 76.0 for the same period of 1928.

The Milwaukee's tonnage is highly diversified, with a relatively large percentage of agricultural products (15.9 per cent of the total in 1928). Products of animals accounted for 5.1 per cent; mine products 36.4 per cent; forest products, 15.4 per cent; manufactures and miscellaneous, 24.2 per cent; and L. C. L., 3.0 per cent. The revenue per ton-mile of revenue freight was 1.037 cents and the average haul of revenue freight 263 miles. The company in 1928 originated 67 per cent of the revenue tonnage it handled, and 48 per cent of total tonnage was both originated and terminated on its lines.

A comparison of selected freight service operating statistics for the first seven months of 1929 and 1928 is shown in Table II. The outstanding improvements to be noted include a 4.2 per cent increase in net ton-miles

Table II—Comparison of Selected Freight Operating
Statistics—Seven Months

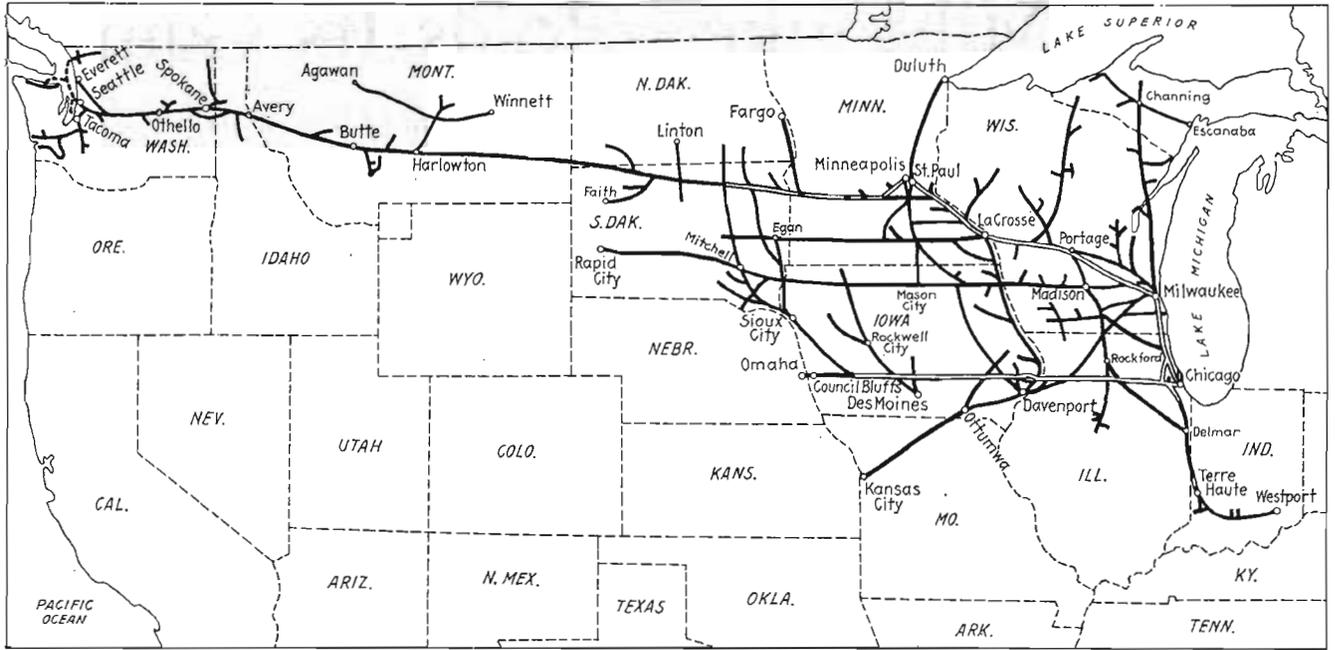
| | 1929 | 1928 | Per cent of change Inc. Dec. |
|---------------------------------------|------------|------------|------------------------------------|
| Mileage operated | 11,246 | 11,248 | ... |
| Gross ton-miles (thousands) | 20,261,287 | 19,493,320 | 3.9 |
| Net ton-miles (thousands) | 8,471,557 | 8,132,072 | 4.2 |
| Freight train-miles (thousands) | 11,688 | 11,209 | 4.3 |
| Freight locomotive-miles (thousands) | 13,343 | 12,728 | 4.8 |
| Freight car-miles (thousands) | 538,743 | 524,018 | 2.8 |
| Freight train-hours | 916,907 | 870,695 | 5.3 |
| Car-miles per day | 34.1 | 35.1 | 2.9 |
| Net tons per loaded car | 24.7 | 24.3 | 1.6 |
| Per cent loaded to total car-miles | 63.6 | 63.7 | 0.2 |
| Net ton-miles per car-day | 537 | 544 | 1.3 |
| Freight cars per train | 47.1 | 47.7 | 1.3 |
| Gross tons per train | 1,734 | 1,739 | 1.3 |
| Net tons per train | 725 | 725 | ... |
| Train speed, miles per train-hr. | 12.7 | 12.9 | 1.6 |
| Gross ton-miles per train-hour | 22,097 | 22,388 | 1.3 |
| Net ton-miles per train-hour | 9,239 | 9,340 | 1.1 |
| Lb. coal per 1,000 gross ton-miles | 134 | 132 | 1.5 |
| Loco.-miles per loco.-day | 67.7 | 62.7 | 8.0 |
| Per cent freight locos. unserviceable | 15.1 | 14.5 | 4.1 |
| Per cent freight cars unserviceable | 3.0 | 3.4 | 11.8 |

accompanied by only 3.9 per cent more gross ton-miles; an 8 per cent increase in average daily locomotive mileage; and a decrease of 11.8 per cent in unserviceable freight cars.

It will be recalled that the improvement in operating performance of the Milwaukee in 1928 following the receivership was most spectacular. Net railway operating income rose from \$14,072,934 in 1927 to \$29,119,053 in 1928. Statistics of performance this year show that the gains have been maintained and that the road has been able, generally speaking, to continue its operation at the standard set in 1928. Last win-

Table III—Chicago, Milwaukee, St. Paul & Pacific (or C. M. & St. P.) Operating Results,
Selected Items, 1916-1928

| Year Ended | Mileage | Revenue Tons | Revenue Ton-miles (thousands) | Revenue Ton-miles per Mile of Line | Average Haul | Revenue Train Load | Revenue per Ton-mile (cents) | Total Operating Revenues | Total Operating Expenses | Net Operating Revenue | Corporate Net Income |
|---------------|---------|-----------------|-------------------------------------|---------------------------------------------|-----------------|--------------------------|------------------------------------|--------------------------------|--------------------------------|-----------------------------|----------------------------|
| 1916 | 10,196 | 39,986,136 | 10,747,323 | 1,054,072 | 269 | 442 | 0.741 | 110,609,689 | 73,765,051 | 36,844,638 | 16,068,260 |
| 1917 | 10,257 | 38,444,353 | 10,545,443 | 1,028,122 | 274 | 468 | 0.758 | 113,739,202 | 85,195,964 | 28,543,238 | 4,468,632 |
| 1918 | 10,303 | 40,307,047 | 11,504,301 | 1,116,597 | 285 | 536 | 0.840 | 132,894,455 | 122,196,105 | 10,698,350 | 6,241,510 |
| 1919 | 10,647 | 40,295,220 | 11,501,514 | 1,080,259 | 285 | 554 | 0.924 | 150,370,394 | 138,561,705 | 11,808,689 | 7,643,045 |
| 1920 | 10,624 | 45,041,277 | 11,384,601 | 1,071,593 | 253 | 544 | 1.029 | 168,158,734 | 164,697,121 | 3,461,613 | 4,366,071 |
| 1921 | 10,809 | 34,067,136 | 8,283,212 | 766,325 | 243 | 483 | 1.266 | 146,765,766 | 127,957,002 | 18,808,764 | d.11,070,609 |
| 1922 | 11,030 | 42,034,285 | 10,601,914 | 961,189 | 252 | 543 | 1.094 | 156,950,628 | 129,596,696 | 27,353,932 | d. 6,143,168 |
| 1923 | 11,011 | 51,314,300 | 11,922,244 | 1,082,758 | 232 | 551 | 1.073 | 169,628,338 | 134,999,228 | 34,629,110 | 207,686 |
| 1924 | 10,986 | 47,143,747 | 11,004,765 | 1,001,624 | 233 | 571 | 1.091 | 158,366,459 | 125,550,061 | 32,816,398 | |
| 1925 | 11,204 | 49,589,057 | 11,966,830 | 1,067,991 | 241 | 625 | 1.050 | 162,020,693 | 130,449,632 | 31,571,061 | |
| 1926 | 11,192 | 49,003,529 | 11,978,810 | 1,070,552 | 244 | 628 | 1.039 | 160,538,440 | 128,401,168 | 32,137,272 | |
| 1927 | 11,208 | 49,289,106 | 12,529,704 | 1,118,218 | 254 | 637 | 1.020 | 162,942,819 | 133,505,998 | 29,436,821 | |
| 1928 | 11,251 | 48,948,773 | 13,142,634 | 1,168,464 | 263 | 652 | 1.037 | 170,554,899 | 125,240,631 | 45,314,268 | 9,250,332 |



The Chicago, Milwaukee, St. Paul & Pacific

ter was unusually severe in the Milwaukee's territory, which did not tend to simplify its operating problems.

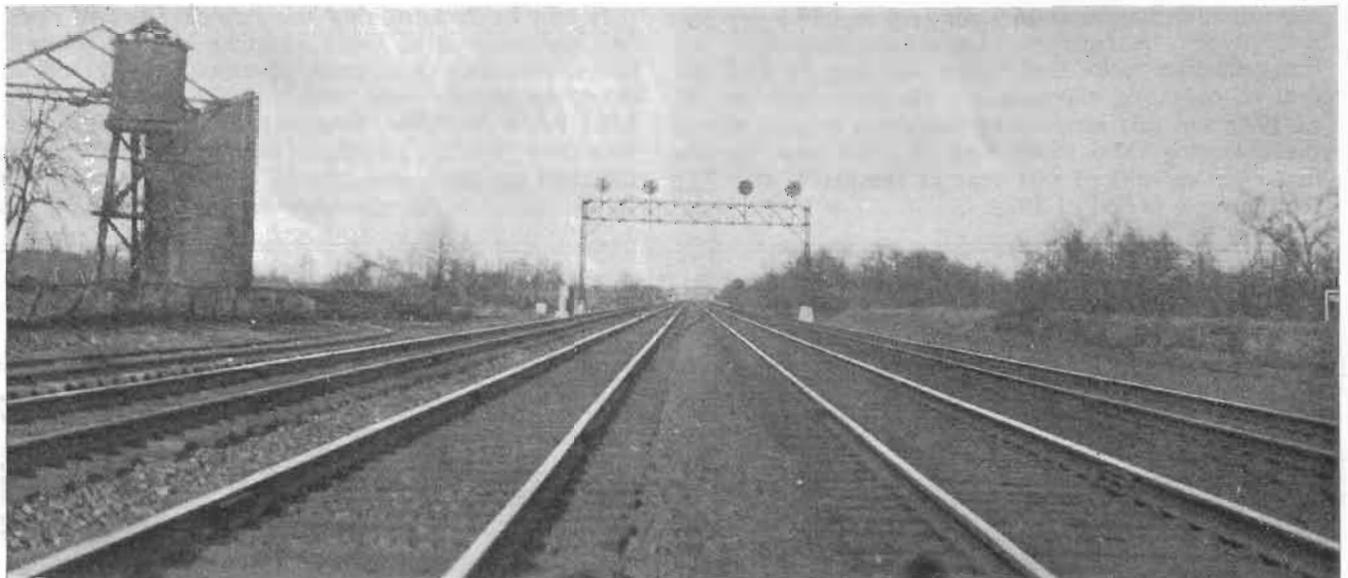
The company, at the end of August this year had 1,687 locomotives with an average tractive effort of 39,491 lb. Its freight locomotives on the same date totaled 1,190 with an average tractive effort of 43,639 lb.

The Milwaukee, at the end of 1928, had income of \$30,498,753 available for interest on its funded debt. This interest totaled \$12,093,097 on fixed interest-bearing obligations and \$9,143,684 on the 5 per cent convertible adjustment mortgage bonds. Interest, thus, was earned 2.5 times on fixed-interest obligations and, thereafter, more than twice over on the adjustment bonds. Net income after all deductions was \$9,250,332, which was carried to profit and loss and added to the corporate surplus. This net income would have been sufficient to have paid the 5 per cent dividends on the non-cumulative (whether earned or not) pre-

ferred stock and \$2.80 per share on the outstanding no-par common. Net income was transferred to surplus, as noted above, however, rather than paid out in dividends—patently the wise course in view of the fact that the new company started its career without any profit and loss surplus for purposes of protecting its interest obligations in "lean" years.

The earnings shown, however, in the very first year of reorganization and the manner in which they have been maintained this year promise well for the future of the property. They would become doubly significant if the rate level in the company's territory were to be increased to a more-nearly-legal basis and if industrial and economic conditions in the Northwest should continue to show reasonable improvement. Nor, it may be supposed, has the Milwaukee reached an end to the improvements in operating efficiency arising out of judicious capital expenditures and constant progress in developing more efficient operating methods.

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On the Main Line of the Pennsylvania, near Trenton, N. J.