

President Byram Discusses St. Paul Situation

Chief Executive Analyzes Road's Condition and Prospects—Considers Outlook "Splendid"

By BENJAMIN NORTON

THE Chicago, Milwaukee & St. Paul Railway, known generally in the railroad world as "the St. Paul," is a system comprising more than 10,000 miles, with ramifications and connections almost unlimited, north, south, and west, from Chicago to Seattle and Tacoma on the Pacific Coast. For many years it has stood in the first rank of great American railroads and has been a training school, as it were, for many a railroad executive who is today occupying a prominent position on some other large system.

For some time past H. E. Byram has been the president of the St. Paul. His railroad experience on other lines has been very large and today he is giving the St. Paul the benefit of his wide experience in a determined effort to restore this great system to its former financial condition.

From the bottom, as a call boy on the C. B. & Q., up to executive positions on the Great Northern and the Rock Island, President Byram has devoted his time to solving railroad problems and working out plans resulting in efficiency of service, as well as success in operation generally. He is a very busy man these days; but he found time, on his last trip to New York, to give his attention to a few questions put him by the writer and relating to the road which he now directs.

Electrification a Success

When the St. Paul put two or three of its far western divisions under electricity, some years ago, it was a tremendous advance in the science of railroading and

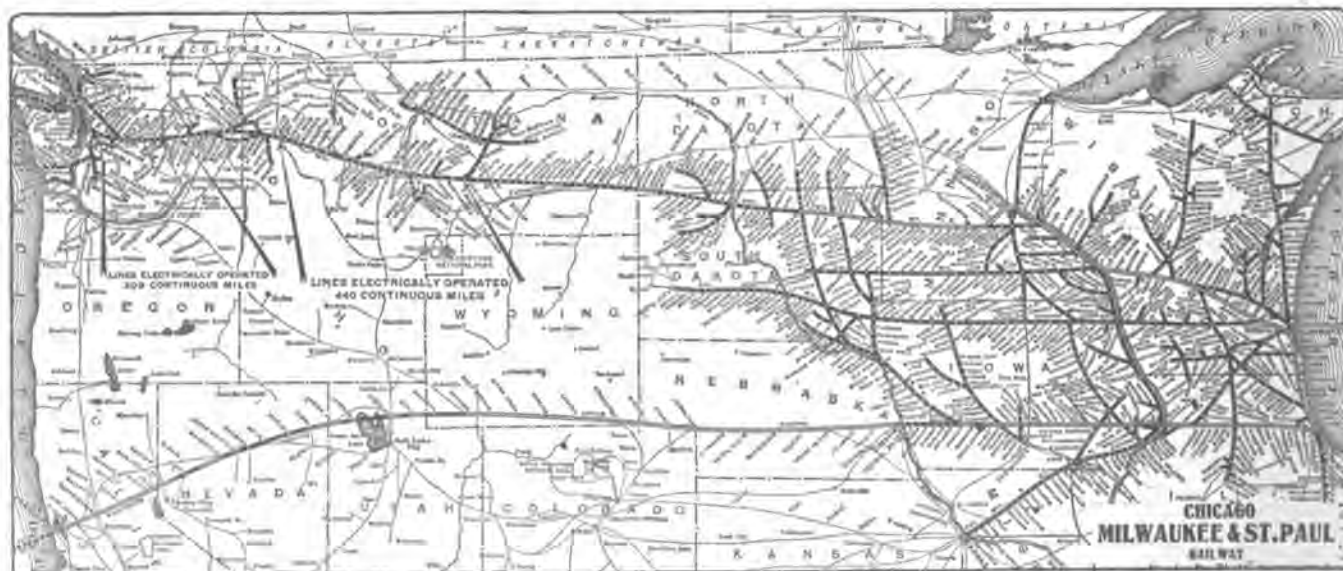
Railway Operating Income:		
Operating revenues.....	\$146,766,766.04	
Operating expenses.....	127,957,001.87	
Net operating revenue.....	\$ 18,809,764.17	
Tax accruals.....	8,762,089.83	
Uncollectible revenues.....	283,846.83	
Railway operating income.....	\$ 9,765,129.31	
Non Operating Income:		
Rents.....	\$ 930,476.78	
Income from lease.....	300,574.64	
Dividends.....	74,498.83	
Interest.....	274,414.55	
Amount accrued under guarantee provision section 209, Transportation Act 1920.....	2,277,796.61	
Miscellaneous income.....	514,098.77	
Gross income.....	\$ 4,371,657.08	
Deductions:		
Interest on funded debt.....	\$ 18,787,680.70	
Interest on unfunded debt.....	180,424.29	
Rents paid—Equipment.....	3,486,115.38	
Rents paid—Lease of road.....	459,698.53	
Rents paid—Other.....	1,751,880.86	
Miscellaneous.....	560,901.19	
Net Deficit.....	\$ 11,070,608.66	

attracted the attention of railroad men the country over. Referring to this subject, in view of the great expense involved, outside of the matter of economics in operation and the results obtained generally, Mr. Byram said:

"If the question of electrifying those divisions were to come up today for the first time, knowing what we now know, relative to the subject, we would undoubtedly declare for electrification, mainly for the reason that water power, in the territory now served by electricity, is unlimited practically, and the volume of traffic

is heavy. We have a 99-year contract with the Montana Power Co. at a very low and unchanging rate covering the entire period of the contract. That is one of the greatest features.

"Our first development was 440 miles of road covering three mountain ranges and our later application covered 210 miles, from Othello to Tacoma, including the Cascade Mountains and a long climb out of the Columbia Valley. As traffic warrants, we shall apply electricity on the 200 miles or more between the two sections already electrified, making a con-





Electric Locomotive Pulling Train Over the Cascades

tinuous electrified line of more than 800 miles. A great advantage which the St. Paul enjoys from electrification is on the mountain grades which are long and heavy. Economies on this account are varied and numerous.

"There are other conditions, too, which surround this wonderful undertaking, and they are conducive to economy which does not ordinarily pertain. On those far western divisions the St. Paul is operating through a country where connecting railroads are not frequent. Railroad men know that the interchange of traffic between steam and electricity lines presents some complications, which in the St. Paul case are not many. By reason of the long stretch of electrified railroad and the flexibility of electric operation, it is able to maintain a more uniform flow of traffic than would otherwise be possible.

Electric Locomotives Work Single-Handed

"All these operations of the St. Paul, too, are through a mountainous country at elevations way above sea level. The valleys are deep and the mountains to climb are high. Under steam power, it required "double headers" and "pushers" to handle our heavy freight trains, but now one of our big electric machines does all the work *alone*.

"It might be of more than ordinary interest to know that with the installation of the new power on the first 440 miles, 42 electric engines easily did the work of 120 steam locomotives. You can readily see what an enormous saving resulted from that alone. One of these big electric engines will make repeated round trips over the 440-mile section, up to 3,000 and 4,000 miles in all, before it requires any attention, while, as you know, a steam locomotive in the same service requires a going over after running 100 to 135 miles."

"The great fundamentals," said Mr. Byram, "in the matter of electrification are volume of traffic and adequate and convenient water power. On our far Western divisions these requirements are fully met. As time goes on, the great advantages we will gain from the electrification already undertaken will show for themselves. It was a far-reaching and wise move on the part of the St. Paul management when it adopted the new power."

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Road's Outlook "Splendid"

"The traffic situation with us, just now," continued Mr. Byram, "is good. The trend is upward, and the outlook for the coming season is splendid. You know," he added, "that the St. Paul is a grain-carrying road, one of the so-called Grangers, and when crops are good, especially the corn and wheat crops, the volume of traffic is heavy and our earnings are large. The past several years have been what might be called poor years for us, on account of short crops in the territory we serve. About 30% of our freight traffic is made up of grain and other agricultural products and we are preparing for heavy traffic not only in grain, but in other directions now in sight, having recently placed orders for 6,500 freight cars, 2,500 of which are coal



H. B. Byram
President,
Chicago, Milwaukee & St. Paul Ry. Co.
cars of 100 tons capacity and 4,000 box cars of 80 tons capacity, besides contracting for the delivery of 25 locomotives."

"The coal miners' strike is affecting us, of course. In some sections coal traffic is at an absolute standstill, and in others it has been reduced 50%. The St. Paul is something of a 'coal road,' too, since our coal tonnage represents about 20% of our freight traffic. Stocks of coal on hand are running down, and in time, unless mining is renewed, we shall be short of coal ourselves for engine use. Mining costs are, at present, too high. The scale needs readjustment, along with railroad wages."

No Further Expansion Now Contemplated

"We have no plans now for further expansion of our system," went on Mr. Byram, answering my question

on the subject. "You know, perhaps, that we acquired the Chicago, Milwaukee & Gary Ry Co. on Jan. 1st last, guaranteeing the principal and interest of \$3,000,000 of its first mortgage bonds after Jan. 1, 1924, receiving therefore all of its capital stock and \$2,700,000 of its first mortgage bonds, the principal of which does not mature until 1948.

"Besides securing the Gary, we have leased for a period of 999 years the Chicago, Terre Haute & Southeastern railway. The lease became effective on July 1st, 1921, and under it we secure more than 570 miles of track, besides trackage rights over about 48 miles of other railway lines, making direct connection with the lines of the St. Paul near Franklin Park, Ill., on our Illinois division. This provides an adequate coal supply for our own use, which was much needed, and also connects extensive coal fields with the large consuming territory served by our lines.

"We have no refunding to do in the near future," said Mr. Byram. "You may have noticed, however, that we are issuing something over \$8,000,000 of Equipment Trust 5% Gold Certificates to pay for the new equipment we have recently contracted for, and which I have already mentioned and described.

"St. Paul's income account for the year ending Dec. 31, 1921, herewith shown, is not altogether flattering, perhaps, but reports for the five months of 1922, ending May 31 last, show a net operating revenue of \$402,150, after taxes and rentals, while for the same period in 1921 there was a deficit of \$3,622,814, so that with the large increase in traffic expected and close regard for operating expenditures the net returns for the year 1922 should show an improvement compared with the results in 1921."

Conclusion

From the foregoing it is evident that the turning point in the affairs of St. Paul has already been reached. Results so far this year indicate that the road will do better than it has in the past few years. For many months there has been long-pull accumulation of both preferred and common stocks and these issues will probably commence to give a good account of themselves as soon as earnings figures indicate further financial progress.



Where Water Power is Turned Into Electricity for the St. Paul Road