ELECTRIC LINK IN ST. PAUL EXTENSION

Management Plans to Electrify the 54-Mile Bitter Root Division.

THROUGH 8,000-FT. TUNNEL

Many Big Roads Turning to Electrical Power for Portions of Their Lines —St. Paul's Big Surplus.

Plans are under consideration for the electrification of the Bitter Root Mountain Division of the Chicago, Milwaukee & St. Paul's extension to the Pacific Coast, it was learned yesterday. The road's management has not yet definitely decided on this step, but it is thought likely in railroad circles that the proposal will receive approval.

The section of the line which it is planned to operate by electricity is about fifty-four miles long. It includes 8,000 feet of tunnel through the Bitter Root Mountains and the grades on both sides of the mountain.

Considerable interest was taken by railroad men yesterday in the fact that the St. Paul is considering the electrification of a portion of its new line, for all railroad electrification plans are now being watched closely. Coming so soon after the adoption of plans by the Great Northern for the electric operation of its Cascade tunnel and approaches, and within a few days of the letting of contracts for the electrification of some of the Southern Pacific's lines in California, the St. Paul's plans are regarded as indicating the extent to which electricity is being substituted for steam power in the operation of through railroad lines.

In connection with the construction of this Pacific Coast line of the St. Paul it has been suggested in some quarters that the road was likely to find the cost of this extension such a burden that it would have to reduce the dividend on its common stock. It is asserted, however, that there is no warrant for this assumption.

From the annual report it appears that the earnings of the present St. Paul system show a surplus over present dividend requirements of $4,696,294. This includes $946,867 additions to property, making the actual surplus $5,643,162. Besides this there were large charges to maintenance of equipment. If earnings remain as they are, the present line of the St. Paul will earn enough net to take care of the full dividend on stock represented in the cost of the new lines.

It is asserted by the St. Paul management that the new lines will take care of themselves at the start. Be that as it may, the St. Paul, it is held, could take care of any deficiency, if there be any, out of the accumulated surplus income, which amounted to $38,862,461 on June 30, 1907. This is all in cash or cash assets except stock of material, the latter amounting to about $3,000,000. Thus it is figured that the St. Paul can take care of the stock issued for the new lines, even if the present lines did not earn any surplus over present requirements, and the new lines did not earn a cent for at least five years.

The interest on the money used in the construction of the new line, it is understood, is charged to the cost of the line until its completion, so that it will not be until after the Pacific Coast extension has been completed that dividends on the stock represented by the cost of constructing this line will have to be met out of earnings. These interest charges were included as part of the expense of building the line, and were provided for along with all the other cost of the line when the new stock issue was announced last December.