

Heat Plant Operation Held Satisfactory

Operation of the underground steam heating plant acquired from Puget Sound Power and Light Co. last December by downtown property owners consisting largely of stores, hotels and business buildings, has proved eminently satisfactory during the first 10 months of operation ending September 30, stockholders were informed at a meeting Friday.

During the period the venture showed a net loss of \$29,739, but as this includes a reserve of \$29,708 for depreciation, the operation broke about even from a profit and loss standpoint.

Andrew Steers, president, indicated that the present, owners may expect a much better showing in the future because the first 10 months' operation included a considerable amount of non-recurring expense, while at the same time the 10-month period did not fully reflect revenues from increased business and the cost reduction to result from improved operating efficiency.

CHANGES MADE—

During the period, he also stressed, the company, now known as the Seattle Steam Corp., completed installation of two 500-horsepower oil-fired boilers at the Western Ave. plant while the Post St. plant boilers were converted from coal to oil, which necessitated the installation of additional oil storage tank capacity.

Steers paid special tribute to the capability and efficient operation of General Manager Richard McKay.

All directors and officers of the company were reelected.

McKay pointed out that in the 10 months of its operation Seattle Steam Corp. has spent more money on capital improvements of the steam system than Puget Sound Power and Light did in the preceding 10 years.

Puget Power, he said, was operating the plant before its sale

to Seattle Steam Corp. at a book loss of \$100,000 a year.

He said he expects that by the end of the year the plant will be \$41,000 in the black, before depreciation, instead of showing a previously predicted loss of \$2,500.

The underground pipe system is causing a small heat loss because of worn out installations but has not developed any dangerous defects, according to McKay.

Steers pointed out that an engineering study has been initiated to determine the extent to which the underground transmission system must be enlarged to keep pace with the growth of the central business district.

ADDED OUTLAY—

It is expected an additional capital outlay will be required to finance recommended improvements and extensions.

McKay said that part of the project probably will be financed out of earnings, although it is expected the major part will be financed by a bond issue, the extent of which is not yet determinable.

McKay added that despite the fact that practically all stockholders are users of the company's system, it is expected

that the outstanding A and stock will be placed on a dividend paying basis.

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