

Consolidation and Electrification

At the beginning of 1889 traction conditions in Omaha were about as chaotic as they well could be. The Omaha Horse Railway Company was operating 25 miles of horse railway; the Omaha Cable Tramway Company about 6 miles of double track cable tramway, and the Omaha Motor Railway Company was constructing an extensive, double track, electric road covering 10 miles.

All three were militant. The Horse Railway declared it would install both electric and cable lines. The Cable Company announced its intention of building additional lines and making itself a more formidable competitor. Both concerns watched the construction of the electric lines with keen apprehension.

The excess expenditure in investment and operation, and the inconvenience and expense of double fares to the people in competing street railways were soon apparent to all concerned. Competition between two lines was bad enough; among three it would be intolerable.

There were strong men in both the Horse and Cable roads and each group saw the necessity of consolidation. February 12, 1889, the Legislature passed a law permitting the merger, which formally took place April 1, 1889. Both companies were incorporated in a new organization—The Omaha Street Railway Company—on about equal terms.

The new directorate was made up of men on the boards of old companies, as follows:

Frank Murphy	W. V. Morse
S. R. Johnson	C. B. Rustin
W. W. Marsh	Guy C. Barton
W. A. Smith	A. S. Paddock
	B. F. Smith

Mr. Murphy was president, Mr. Johnson vice-president, Mr. Marsh treasurer, Mr. D. H. Goodrich secretary, Mr. W. A. Smith general manager and Mr. F. A. Tucker general superintendent.

The cable and horse railways henceforth were operated as one system, transfers being exchanged, and the combined efforts of the two former systems exerted towards improving the service.

At the first meeting of the directors of the Omaha Street Railway Company, April 3, 1889, the following resolution, introduced by W. V. Morse and seconded by W. W. Marsh, was adopted:

"Resolved, That the president and vice-president be instructed and requested to investigate the matter of electric street railways and to employ men and means to construct and equip an electric line from Hanscom Park to Leavenworth Street and on Leavenworth Street east to Sixteenth; north on Sixteenth to Cuming; west on Cuming to Twenty-fourth; north on Twenty-fourth to point near what is known as the city limits."

At the same meeting Superintendent Tucker was instructed to obtain "figures, estimates and drawings" for a "complete cable line on South Twentieth Street from Harney to Syndicate Park."

The new company thus affirmed its intention of following close in the wake of invention and giving battle to the Motor Railway. The contest between the two organizations for certain privileges was intense, particularly for trackage rights on the South Eleventh Street viaduct, on Lake Street and other streets. Officers and employes of one company were shadowed at night by men of the other, lest surprises might be sprung. The controversies were taken into the courts delaying construction and hampering financing. In general the public was painfully aware that competition existed between the two organizations.

In May the Omaha Street Railway Company decided to make a contract with the Sprague Electric Railway and Motor Company for its system of power. A site for a power house

was bought at Nineteenth and Nicholas Streets, and contracts awarded for engines, generators, cars and material for electrification.

Letting contracts was one thing; paying for the goods was another. When the Street Railway Company attempted to market a 5% mortgage bond issue in New York on a 90-cent basis, it failed to sell a single security. Much more favorable terms did not tempt investors. President Murphy made special trips to New York in the effort to dispose of the bonds without success.

By midsummer, 1889, the directors were thoroughly disheartened, as is indicated clearly by the records. At one time it was proposed to sell the bonds prorata to the stockholders on a 60-cent basis, but this plan did not work and on August 26th the president was authorized to borrow \$400,000 "On such terms as he could obtain and deposit bonds as collateral."

A contributing cause of the failure to sell bonds was the waning of the "boom," but the principal cause was the fact that the Street Railway Company was not alone in the field and was menaced by the competition of the Motor Railway. Therefore, securities went begging.

Meanwhile the Motor Railway Company, also, had critical financial problems to solve. Long before the road was put in operation the public anticipated its consolidation with the Street Railway, so logical was this course. About the time electric service was first offered to the public, negotiations were held between the two managements.

The result was the purchase of the Omaha Motor Railway by the Omaha Street Railway Company October 15, 1889.

The owners of the Motor Railway had made extraordinary effort and sacrifices to create the property—had taken great risks in doing so—and they were in position to drive a good bargain. They secured in the transaction a large profit in stock, which, however, was of little value for years.

Prior to the purchase the Street Railway Company had proceeded too far with electrification to draw back. It built the brick power house at Nineteenth and Nicholas Streets, electrified the Hanscom Park and North Twenty-fourth St. line, and within a short time, placed in use its first installment of electric cars, consisting of 20 motor cars and 10 trailers. The power house was equipped with two Westinghouse engines of 250 horse power each, belt connected to Edison generators.

Under the terms of purchase Dr. Mercer and J. J. Brown became directors in the Street Railway Company. The motor road's property was turned over November 2 and unified operation, which has continued to the present day, began November 4, 1889.

Competition caused the erection and equipment of two expensive electric power houses and one cable power house where there might have been but one, and duplication in many miles of track, all of which could have been avoided had the people preferred to deal with and encourage the existing company, instead of granting franchises to new organizations and inviting competition.

Fortunately the power systems of the two electric establishments were such as could be worked together. For a period of years the Nineteenth Street house was maintained as the chief power source and the Twenty-second Street station used as a reserve.

With unification the immediate financial problems became somewhat easier despite the deflated "boom" and approaching hard times. Electrification of the old horse railway lines, therefore, proceeded swiftly.

G. W. WATTLES, President,
Omaha and Council Bluffs Street Railway Co.

(Next Sunday's Installment Will Tell of "The Pre-Exposition Period.")