

fund for incidental expenses, caused them to make provision for the payment of the interest on the bonds to the period indicated. By the first section of the law the company is empowered, out of the proceeds of the bonds, "to pay the interest on the bonds that are to be issued in aid of the nett revenues of the company until they become sufficient to pay the same, *after* the debts now due for repairs on the canal and for officers' salaries are satisfied and paid." These debts, of which we have already spoken in the communication addressed to you on the 15th of January last, (pages 19 and 20,) according to the statement of the Treasurer and accountant, at the end of the last quarter amounted to the sum of \$46,433 42 cents. It will be perceived that the aggregate amount of this class of debts has been somewhat diminished since the communication mentioned, but it is scarcely within the range of reasonable probability that they can be discharged from the surplus revenues of the company, which alone are applicable to the payment thereof, within the two succeeding years. It became our duty therefore to make adequate provision for the payment of the interest on the bonds, until after the canal shall be completed, out of the proceeds of a portion thereof at their *par value*, at the same time that we came under an obligation to issue them—and we have done so. After the work shall have been finished, and the navigation opened to Cumberland, the revenues of the company will, it is believed, need no further auxiliary aid from the provisions of the law.

We now come to "*the consideration*," which, as has been shewn, is payable in the bonds of the company, to be issued pursuant to the provisions of the act of December session, 1844, chapter 281. The entire consideration stipulated to be paid to the contractors is \$1,625,000 in the said bonds, subject to a reduction or addition as the case may be for changes of plan, or to a reduction, for the omission of any particular work embraced by the terms of the contract. As we have already stated the company has no thought of making any changes in the present approved plans that under the provisions of the contract can *add* to the cost of the work, but it is very probable that some "particular work" may be omitted and dispensed with which will *reduce* the sum above specified. This however is a subject for the future, and action may, or may not, be taken upon it. We will therefore throw it out of view in the present communication, and consider, that for the performance of the contract on its part, the company is to pay and deliver to the contractors, in the manner provided for, bonds to the amount of \$1,625,000.

To arrive at the actual amount that the contractors will receive for the completion of the canal, we must deduct from the said sum the one hundred thousand dollars of money which is to be advanced by them to the company, and also the amount of interest they will be obliged to pay under the provisions of the contract, which at a reasonable estimate may be assumed at ninety thousand dollars more.