

No. 269.

THE UNITED STATES TELEPHONE COMPANY.

801 ELECTRIC BUILDING,

CLEVELAND, OHIO, July 11, 1905.

Sir WILLIAM MULOCK,

Postmaster General, Ottawa, Ont.

DEAR SIR,—Your letter of June 9, attaching a number of questions, has been received and referred to me for reply, and you will find the questions referred to answered below.

This company has pole lines over most all of Ohio, and a portion of Michigan and Indiana. Its capitalization and bonds are as follows:—

Common stock.	\$2,000,000
Preferred stock.	363,200
Bonds.	2,085,000

It has been operating six years, and is a toll line only, connecting with the various independent exchange companies, furnishing them with their long-distance service. It has 15,000 miles of circuit, costing an average of \$80 per mile of circuit. The length of pole routes is 2,600 miles. The company does not own any switchboards, but has a number of toll boards connecting with all manner of systems, including magneto, central energy, central signalling and local talking; also automatic. The toll boards were manufactured by the Stromberg Carlson Telephone Manufacturing Company, the Kellogg Switchboard Supply Company, the North Electric Company and the Sterling Electric Company. The company has no telephones at all. Our rates for long-distance service are measured on the air-line basis, and are made not to exceed $\frac{3}{8}$ of a cent per mile, excepting for short distances, when the rates are made up as follows:—

10 miles or less.	10c.
10 to 20 miles.	15c.
20 " 30 "	20c.
30 " 39 "	25c.
39 " 48 "	30c.
48 " 56 "	35c.

The company pays 5 per cent on its bonds and 6 per cent on the preferred stock. Nothing is set aside for depreciation of property, but is kept in good shape each year and is charged to maintenance. Any re-building of lines is taken care of right out of the earnings and charged up to maintenance expenses. The company has a surplus of \$70,270.39.

The United States Telephone Company connects with all local exchange companies in the state of Ohio, and also makes connection with the long-distance companies in the states of Indiana, Michigan, Pennsylvania, West Virginia and Kentucky, so that it has connection with all companies in those states. We pay the local company originating a call 25 per cent, and not to exceed 12½c. on any three minute conversation. If the message is carried over some other company's long-distance line, in addition to our own, after the commission is deducted, the balance is divided pro rata according to the air line distance carried by each company. Before competition the Bell had about 25,000 telephones in Ohio. At this date they have about 90,000. The Bell Company does not seem to have any regular rates, and charges whatever it can get. If there is no competition it charges a great deal; if there is very strong competition it gives the service away.

In our construction department we pay our foremen from \$60 to \$75 per month; the linemen \$40; the groundmen \$25 and \$30 per month, and in addition to the above wages we pay their expenses,

You will understand, of course, that all of our work is outside of towns and cities. Our troubleshooters who are stationed at various points along our line receive from \$60 to