

APPENDIX No. 1

	July 1, 1904.	July 1, 1905
Sand Lake	52	56
Sherman	25
Sparta	34	30
Suttons Bay	31	29
Traverse City	1,171	1,343
Trufant	11	28
Tustin	34	53
Vermontville	342	347
White Cloud	21
Wexford	10
Zeeland	104	135
Zutphen	8	8
Leelanau Co. (toll stations)	13	12
Toll Stations	130	138
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	16,338	19,742

A study of this table discloses that the net growth of the system during the year was 3,404 'phones, which may be compared with 2,357, the net growth of the fiscal year ending June 30, 1904. It will be seen, too, in examining the table of statistics of the several exchanges that the number of exchanges has been considerably increased during the year. Allegan, Amble, Bailey, Byron Centre, Dutton, Grant, Harrietta, Harvard, Hopkins Station, Jamestown, Lake Odessa, Marion, Mesick, Morley, Omena, Paris, Provemont, Sherman, White Cloud and Wexford having been added during the twelve months, and these exchanges represent 883 telephones. A net growth of 3,404 telephones, on a base of 16,338, will be found on investigation to be almost precisely 21 per cent, which should be compared with the almost 17 per cent of net increase reported to you a year ago. A net increase of 4 per cent upon a larger base is certainly very gratifying.

Last year you were informed that the net growth of the city exchange during the preceding twelve months was 440 telephones; this year, as the table shows you, the net growth of the city exchange was 1,028 telephones. This remarkable increase proves that the new automatic service is giving satisfaction to its users. This will become more apparent to you when it is stated that the net addition to the city exchange during the last six months of the fiscal year was 591 telephones, as compared with the 437 of net growth in the first six months of the year; and this large growth, it should be remembered, is at prices for service which are \$6 per annum higher for both business and residence 'phones than the prices charged by our competitor in Grand Rapids. The growth during the month of July just closed has been at nearly the average ratio of the entire year, 1905, thus far, which is also most significant because July has usually been a month of very slow growth. A computation shows that the net increase of the city exchange was at the rate of about 18 per cent, and the increase in the balance of the system outside Grand Rapids is almost precisely 23 per cent.

A closer examination of the statistical table will give you a good idea not only of the additions to the system in exchanges at new points, but will also present a pleasing view of the growth of a number of individual exchanges, as to some of which conditions have been and are quite remarkable. You will note, for example, that at Cadillac the increase was 225 telephones, and that there are 853 telephones in a community which had less than 7,000 population, as reported by the state census last year, so that there is a telephone for every eight of the population of that city. This growth has occurred in the face of most strenuous efforts to induce your patrons at Cadillac to desert your system, or at least to share their patronage with your competitors. The size of the Cadillac exchange, when compared with the population, suggests the