

APPENDIX No. 1

way. We are an exchange in a town of 1,000; balance combination toll and farmers' lines in sparsely settled territory. In the latter we build toll lines, and rent telephones to all who wish, putting these on toll circuits until we get about ten or twelve 'phones on a circuit, when we either string another circuit or install a local switching station. Our territory is large and thinly peopled, but to people so situated telephones are necessary. We find the one way service plan gives good satisfaction. The renter gets his outgoing calls for \$1 per month, and the village people pay tolls for calling him, amounting in many cases to another dollar, and they are well satisfied as well.

Q. 1.—*Reed City Telephone Co., Mich.*—No dividends to be paid; all earnings put back into the business. I had just \$50 on July 1, 1898, when I started in. October 1 I opened for business with ten telephones, and have been working it alone ever since. Consider it worth \$15,000 to-day, and I have about \$750 worth of material on hand, such as poles, arms, &c.

R. 1.—*Northwest Leslie and Anondago Telephone Exchange, Mich.*—We are one of some twelve different companies that own lines which run into a switch station at Leslie owned and operated by another company. Each of the rural companies makes arrangements, annually, with the switchboard company to do the switching. At present we pay \$2 a year for switching. There is no toll charged to subscribers. Non-subscribers pay 10c. a message, which goes to the switchboard company. This in my opinion is a very unsatisfactory system. The telephone business is growing in importance daily, and should be under a central management, either state or national. It is essential to all, and all should have an equal opportunity to use it at a uniform rate of expense.

S. 1.—*Monroe County Telephone Co., Mich.*—Toll charges: 10c. within 12 miles, 15c. within 24 miles, &c. We connect with the long-distance lines of the United States Telephone Co., and receive 25 per cent of originating business, balance on mileage basis. Rural service is necessary for the success of any system outside of cities of 5,000 inhabitants. Farm subscribers are most appreciative, and if not provided with service by local company will build their own line.

T. 1.—*Decatur County Independent Telephone Co., Ind.*—Impossible to give toll rates. Our long-distance connections run into the thousands and cover many states, and the rates vary with the distance, 10c. within the county. We are connected with the New Long Distance Telephone Company of Indianapolis, Indiana, through which we are in communication with 141 telephone companies in the State of Illinois, 1,503 telephone stations in Indiana, representing over 160,000 subscribers, 206 stations in State of Illinois, 406 stations in State of Kentucky, 247 stations in State of Missouri, 2,552 stations in State of Ohio.

We receive 25 per cent of all tolls originating at this office or its substations, and nothing on messages received. Net earnings used in extending plant.

We are a stock company—stock limited to \$30,000—divided into 1,200 shares, at \$25 each. Sale to one person limited to four shares. At the present time we have 959 stockholders. Stock all sold with the exception of 200. Each stockholder purchases his telephone from the company at actual cost of instrument and cost of installation, and in consideration thereof receives a rate of 80c. per month for residences, and \$1.50 for business houses.

Our authorized bonded indebtedness is \$30,000—\$23,000 was sold and \$2,000 reserved bonds bear 6 per cent per annum, interest payable semi-annually. They run for 15 years, \$2,000 payable annually.

Our income from all sources is about \$20,000 per annum at this time, and our running expenses at last estimate about 50 per cent of receipts.

The company was organized for the purpose of giving our people cheaper telephone service than the Bell Company, and we made preparations to accommodate 300 sub-