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municate with other shipping points. It was arranged that any person desiring telephonic communication could secure the same by paying the entire expense of his telephone, and line connecting to the central nearest him, and he was entitled to talk over any of the lines by paying his proportion of the cost of operation and maintenance of the system. We find a rental of \$15 per year covers this cost and provides funds for necessary extensions of lines, &c., and the people much prefer it to going into any of the large companies, where the business would be under a cold and distant management. We sold 200 shares of stock at \$10 each to provide pole lines from one central to another, and install the switchboards. From this point the subscriber pays the cost of his connection and can sell same if he desires, and to whom he wishes.

Our plant is but a small exchange, with five switchboards, having an average of about fifty subscribers each, mostly farmers, with such small merchants and business men as would naturally be in a country district. Rates charged for long-distance service: 10c. for the first 15 miles, and 5c. extra for each additional 15 miles, or fraction thereof, for five minutes' talk. Farmers and business men charged alike. Not much difference in the benefit derived, as they are all business telephones in a way. The farmer transacts all his business on the wires, and calls the country merchant ten times where the merchant calls out once. He gets prices from all and goes where he can do best, thereby saving many miles of drive, besides having to do business at a disadvantage from not being posted. Country business men take a reverse position to that of their city brothers, for the telephone is often to their disadvantage.

We pay no dividends. Ours is a co-operative institution. The rentals are just enough to maintain and operate the plant, and make improvements. No percentage is set aside for depreciation. This is provided for in our rentals, and in the cost of extensions and improvements, the latter item being confined to surplus funds. Our surplus funds are used in reconstruction and extension of system. We have interchange of service with the Citizens' Company lines of Grand Rapids, and through them to any point our lines will carry, so far as their system and connections will lead. Terms are: We receive 'incoming' calls free, and retain 25 per cent of 'outgoing' calls. Limit of commission on 'out' calls 10 cents per call.

N. 1.—*Northern Indiana and Southern Michigan Telephone, Telegraph and Cable Co., Ind.*—We started the service at too low a rate. We should have \$1.25 for residence, \$2 for business and \$1.25 for rural or farmers' per month, as the cost of labour and material has advanced. We do not put out farmer telephones unless we can reach at least three to the mile. We use 20-foot cedar and 25-foot for county lines where we do not run more than one circuit, using the 25-foot to cross road and passing farmer homes. We use thirty poles to the mile where we do not have over four wires and thirty-three poles when over that number. Our company was made up of several local companies, and we now operate under one head. The entire business is left to a board of directors, who elect a general manager having full charge, and he makes monthly reports to the directors. The long-distance companies control the toll business, and we only build to them, connecting our exchanges with one general office and that office to the long-distance. Our long-distance rates are based on the mileage, about 1c. per mile up to 60 miles for 5 minutes' talk; over 60 miles it is from $\frac{1}{10}$ to $\frac{1}{15}$ of 1c. per mile. It takes about one operator to every 150 subscribers on the board. On one board we use three operators and one long-distance operator.

O. 1.—*Lock Mutual Telephone Co., Mich.*—Our system is a co-operative association, most of the subscribers owning a share of capital stock, each share representing one telephone. It is not a village exchange, although we are connected with all of the towns around. It is the finest farm system in the state.

P. 1.—*Missaukee Telephone Co., Mich.*—For rural service we charge \$12 per year for full exchange privileges within six miles of central. Over six and up to twelve miles, \$12 per year for one way (outgoing calls only); over twelve miles out, \$18 for one