

TENTH ANNUAL REPORT

OF

THE DIRECTORS

OF

THE AMERICAN BELL TELEPHONE COMPANY

TO THE STOCKHOLDERS,

YEAR ENDING DECEMBER 31, 1889.



BOSTON:
ALFRED MUDGE & SON, PRINTERS,
24 FRANKLIN STREET.
1890.

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OFFICE OF
THE AMERICAN BELL TELEPHONE COMPANY,
BOSTON, MARCH 25, 1890.

TO THE STOCKHOLDERS :

The reports for the past year of the telephone companies operating under license from The American Bell Telephone Company show a continuing increase of business, and a continued extension and improvement of their plant.

The following tables present the statistics in tabulated form :—

INSTRUMENTS.

	Dec. 20, 1884.	Dec. 20, 1885.	Dec. 20, 1886.	Dec. 20, 1887.	Dec. 20, 1888.	Dec. 20, 1889.
In the hands of Licensees, under rental.....	325,574	330,040	353,518	380,277	411,511	444,861
Increase over previous year ....	.....	4,466	23,478	26,759	31,234	33,350

EXCHANGES.

	1884.	1885.	1886.	1887.	1888.	1889.	1890.	Increase over 1889.
Exchanges....	906	772	747	736	739	742	757	15
Branch Offices,	419	481	428	446	452	452	471	19
Miles of Wire on poles.....	88,481	100,332	111,349	127,839	142,631	154,009	11,378	
Miles of Wire on buildings.....	11,886	10,043	10,587	10,225	10,266	11,484	1,218	
Miles of Wire underground.....	1,225	3,417	6,030	8,009	17,038	27,117	10,079	
Miles of Wire submarine ..	.....	.....	254	265	365	536	603	67
Total Miles of Wire.....	85,896	101,592	114,046	128,231	146,438	170,471	193,213	22,742
Total circuits	97,422	107,440	112,067	121,260	132,004	143,687	156,780	13,093
“ employees..	4,762	5,168	5,438	5,843	6,183	6,310	6,758	448
“ subscribers	123,625	134,847	137,750	147,068	158,712	171,454	185,003	13,549

EXCHANGE CONNECTIONS.

The estimated number of exchange connections
 daily in the United States is 1,240,147
 Or a total per year of more than 400,000,000
 The number of daily calls, per subscriber,
 varies in different exchanges from 2 to
 15, the average throughout the United
 States being $6\frac{7}{10}$

The average cost to the subscriber varies, according to the size of the exchange and character of the service, from 2 to 13 cents per connection.

EXTRA-TERRITORIAL LINES.

	Jan. 1, 1884.	Jan. 1, 1885.	Jan. 1, 1886.	Jan. 1, 1887.	Jan. 1, 1888.	Jan. 1, 1889.	Jan. 1, 1890.	Increase during 1889.
Number of lines.....	598	826	897	911	927	947	969	22
Miles of pole lines....	20,592	25,766	30,697	31,143	32,478	34,010	35,254	1,244
Miles of wire.....	29,359	35,631	41,745	43,767	56,179	73,293	86,728	13,435

EXTRA-TERRITORIAL CONNECTIONS.

The average daily number of extra-territorial
 connections is 8,289
 Or a total per year of about 2,700,000
 The extra-territorial earnings for the year
 amounted to* \$943,854 88
 Of which this Company's share is 84,233 18
 An increase over 1888 of 4,440 51

It is seen that the output of telephones was 33,350 — 2,116 more than the large output for last year. Fifteen new exchanges and nineteen branch offices have been opened.

* In case of four companies, which failed to report their extra-territorial earnings for November and December, the average earnings for the earlier months have been used to complete the above statement.

The mileage of wire is 193,213 against 170,471 at the close of the year 1889. A very material increase has been made in mileage of underground wire, something over one third of the whole amount in use having been put down during the last year.

UNDERGROUND WIRES IN USE.

	Jan. 1, 1886. Miles.	Jan. 1, 1887. Miles.	Jan. 1, 1888. Miles.	Jan. 1, 1889. Miles.	Jan. 1, 1890. Miles.	Increase over 1889. Miles.
Albany.....	....	1	1	1	1	....
Boston.....	289	347	736	1,580	3,599	2,019
Brooklyn.....	134	1,233	1,443	2,197	2,254	57
Buffalo.....	....	....	....	....	1,170	1,170
Chicago.....	760	1,462	2,000	3,127	3,255	128
Detroit.....	....	82	175	500	871	371
Louisville.....	....	9	238	469	780	311
Lowell.....	....	....	....	....	4	4
Milwaukee.....	1	1	....	....	....	....
New Haven.....	....	....	....	....	300	300
New York.....	627	627	1,120	5,203	10,900	5,697
Pittsburgh.....	614	966	958	2,370	2,394	24
Washington.....	992	1,302	1,338	1,591	1,589	* 2
	3,417	6,030	8,009	17,038	27,117	10,079
American Telephone and Telegraph Co.'s long distance wires,	....	....	140	327	559	232
Total.....	3,417	6,030	8,149	17,365	27,676	10,311

* Decrease.

During the year the American Telephone and Telegraph Company—the long line company—has continued the extension and development of its scheme of lines. It has extended its work from Philadelphia to Baltimore and Washington. It has also completed a second line from New York to Boston, building in 1889 the part from New Haven to Boston, and has entered eastern Pennsylvania, building lines connecting Philadelphia with Reading, Easton and Scranton. It has connected with its eastern lines Newport, R. I., and Fall River and New Bedford, Mass.

On January 1, 1890, it had $1918\frac{93}{100}$ miles of pole line and $34,799\frac{40}{100}$ miles of wire on poles, together with $805\frac{36}{100}$ miles of wire in cables, — aerial, underground and submarine, — a gain during the year of 700 miles of pole line, and 9588 miles of wire.

The application to the Legislature to which reference was made in the last report, for authority to increase the capital stock of the Company, was favorably entertained and by Chap. 385, Acts of 1889, approved May 29, 1889, it was enacted that the Company might from time to time increase its capital, provided the total capital should never exceed \$20,000,000. At a special meeting of the stockholders, held September 12, 1889, this amendment was accepted and at the same meeting an actual increase of the capital was made of \$2,500,000. This was offered to the stockholders under circular of September 12, 1889 and was all subscribed for, one half being payable October 19, 1889 and one half April 19, 1890.

Very satisfactory progress has been made on the new building at the corner of Milk and Oliver Streets. It is expected that the roof will be on by the first of April, and that the New England Company can be put in possession of the new switchboard room by about the first of May. It is hoped that the whole building may be completed for general occupation by the first of next year.

The mechanical department, with its other work, has continued its study of transmitters, designing new forms of transmitters and telephones, as well as instruments for special purposes. It has also been much occupied with general questions relating to subways and cables and with the problems suggested as the underground work progresses.

The patent division has continued its work of collecting, digesting and arranging information upon electrical subjects and preparing reports based thereon. It has also prepared the applications for patents upon such inventions as have been made by our own people, or bought by us before patenting. It has advised with the Western Electric Company upon its electrical matters and has aided it in the preparation of the defence in certain litigations. It has also to some extent assisted the Bell Telephone Company of Canada.

The electrical division is continuing its conduct of a series of experiments on different forms of telephonic instruments and apparatus.

The Treasurer's statements, showing the ledger balances December 31, 1889 and comparative statement of earnings and expenses for the years 1888 and 1889, are appended, as are also reports of the Auditing Committee of April 16, July 13, October 29, 1889, and January 14, 1890.

For the Directors,

JOHN E. HUDSON,

President.

LEDGER BALANCES, DEC. 31, 1889.

DEBTORS.

Telephones	\$827,212 29
Real Estate	472,761 71
Stocks	28,149,861 03
Merchandise and Machinery	12,949 56
Bills and Accounts Receivable,	1,488,710 27
Cash and Deposits	1,053,788 15

CREDITORS.

Capital Stock	\$11,303,900 00
Debenture Bonds, 1888	2,000,000 00
Bills and Accounts Payable*	553,513 60
Patent Account (Profit and Loss)	10,432,362 36
Profit and Loss	3,743,762 93
Reserve	1,820,232 51
Surplus	2,151,011 61
	\$32,004,783 01
	\$32,004,783 01

* Of this amount, \$338,913 is the dividend payable Jan. 15, 1890, to stockholders of record Dec. 31, 1889.

Comparative Statement of Earnings and Expenses.

EARNINGS.		1888.	1889.
Rental of Telephones	\$2,453,279	34	\$2,657,361 90
Dividends	1,213,856	58	1,230,500 53
Extra-territorial and Branch Lines,	78,711	18	82,556 63
Telegraph Commission	21,164	92	22,367 02
Interest	90,466	65	43,964 44
Miscellaneous	7,639	81	7,954 19
	<u>\$3,865,118</u>	<u>48</u>	<u>\$4,044,704 71</u>
EXPENSES.			
Expenses of Operation	\$274,442	00	\$269,493 37
Legal Expenses	222,257	75	144,566 62
Interest and Taxes	207,212	68	225,199 97
Commission	467,471	10	511,215 31
Royalty	10,000	00	10,500 00
Concessions	207,790	27	221,288 11
Miscellaneous	61,739	46	3,702 64
	<u>\$1,450,913</u>	<u>26</u>	<u>\$1,385,966 02</u>
Net Earnings	\$2,414,205	22	\$2,658,738 69
Misc. Items to Surplus Account	22,258	34	3,150 00
	<u>\$2,436,463</u>	<u>56</u>	<u>\$2,661,888 69</u>
Surplus Account, Dec. 31, 1888	\$2,028,035	92	
Net Earnings, 1889	2,658,738	69	
Miscellaneous Items	3,150	00	
			<u>\$4,689,924 61</u>
Regular Dividends in 1889	\$1,238,913	00	
Extra Dividend in 1889	600,000	00	
Reserve for General Depreciation,	600,000	00	
Reserve for Depreciation of Insts.	100,000	00	
			<u>2,538,913 00</u>
Surplus Account, Dec. 31, 1889			<u>\$2,151,011 61</u>

REPORT OF AUDITING COMMITTEE.

BOSTON, MASSACHUSETTS, 16 April, 1889.

JOHN E. HUDSON, Esq.,

President Am'n Bell Tel. Co. :

Dear Sir,—With this I enclose the report of Mr. Chas. T. Plimpton, an expert accountant employed by me to examine the books of our Company for the three months ending March 30th, 1889.

Respectfully yours,

FRANCIS BLAKE,

Committee on Acc'ts of A. B. Tel. Co.

BOSTON, April 16, 1889.

Dear Sir,—I have examined the books of the Treasurer of Am'n Bell Telephone Co. for three months ending March 30, 1889, all of which have found correct and satisfactory.

Yours truly,

C. T. PLIMPTON.

TO FRANCIS BLAKE, Esq.,

Committee on Acc'ts. A. B. T. Co.

BOSTON, MASSACHUSETTS, 13 July, 1889.

JOHN E. HUDSON, Esq.,

President Am'n Bell. Tel. Co.:

Sir, — With this I enclose the report of Mr. Chas. T. Plimpton, an expert accountant employed by me to examine the books of our Company for the six months ending June 29th, 1889.

Respectfully yours,

FRANCIS BLAKE,

Committee on Acc'ts A. B. Tel. Co.

BOSTON, July 11, 1889.

I hereby certify that I have audited the books and accounts of the Treasurer of the American Bell Telephone Co., for the six months ending June 29, 1889, and have to report that I find the cash book correctly footed, and the disbursements supported by approved vouchers; have verified the rental, commission, and concession accounts, the pay-rolls, journalizings, stock ledger, trial balances, and cash on hand.

I find also that the bank accounts agree with the pass books of the several banks, after making allowances for outstanding checks, also that the bills receivable, and certificates of stock investments which the ledger calls for, are on hand, or properly accounted for.

CHAS. T. PLIMPTON,

Auditor.

BOSTON, MASSACHUSETTS, 29 October, 1889.

JOHN E. HUDSON, Esq.,

President Am'n Bell Tel. Co.:

Dear Sir,—With this I enclose the report of Mr. Chas. T. Plimpton, an expert accountant employed by me to examine the books of our Company for the three months ending September 30th, 1889.

Respectfully yours,

FRANCIS BLAKE,

Committee on Acc'ts of A. B. Tel. Co.

BOSTON, October, 24, 1889.

Having examined the books and accounts of the Treasurer of the American Bell Telephone Co. for three months ending September 30, 1889, have to report, that I found the footings of the cash book correctly made, and the disbursements sustained by approved vouchers, have verified the balance of cash on hand, and proved the bank accounts.

Have examined the rentals, commission and concession accounts and pay-rolls, also the stock ledgers, the accounts of which having been transferred to new ledgers find the same to represent 100,000 shares to 2,297 stockholders; also examined the footings of the ledgers proving the trial balance of October 1st, 1889, and hereby certify to the accuracy of the same.

CHAS. T. PLIMPTON,

Auditor.

BOSTON, MASSACHUSETTS, 14 January, 1890.

JOHN E. HUDSON, Esq.,

President Am'n Bell Telephone Co.:

Dear Sir,—With this I enclose the report of Mr. Chas. T. Plimpton, an expert accountant employed by me to examine the books of our Company for the three months ending December 31st, 1889.

Respectfully yours,

FRANCIS BLAKE,

Committee on Acc'ts of A. B. Tel. Co.

BOSTON, January 14, 1890.

I have audited the books and accounts of the Treasurer of the American Bell Telephone Co., for three months ending December 31st, 1889, and have to report, that I find the cash book correctly footed, and the disbursements sustained by approved vouchers. Have examined the stubs of certificate books, verifying the amount of certificates outstanding to stockholders, have also examined rental, commission, and concession accounts, and pay-rolls, proving the trial balances, and cash on hand.

Have examined the bank accounts, and the balances on hand in the several banks, at the close of business, Dec'r 31st, 1889, agree with the Company's books after allowing for outstanding checks. Have seen that the notes receivable and certificates of stock investments which the ledger calls for are on hand or properly accounted for.

CHAS. T. PLIMPTON,

Auditor.





