

ELEVENTH ANNUAL REPORT

OF

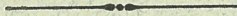
THE DIRECTORS

OF

THE AMERICAN BELL TELEPHONE COMPANY

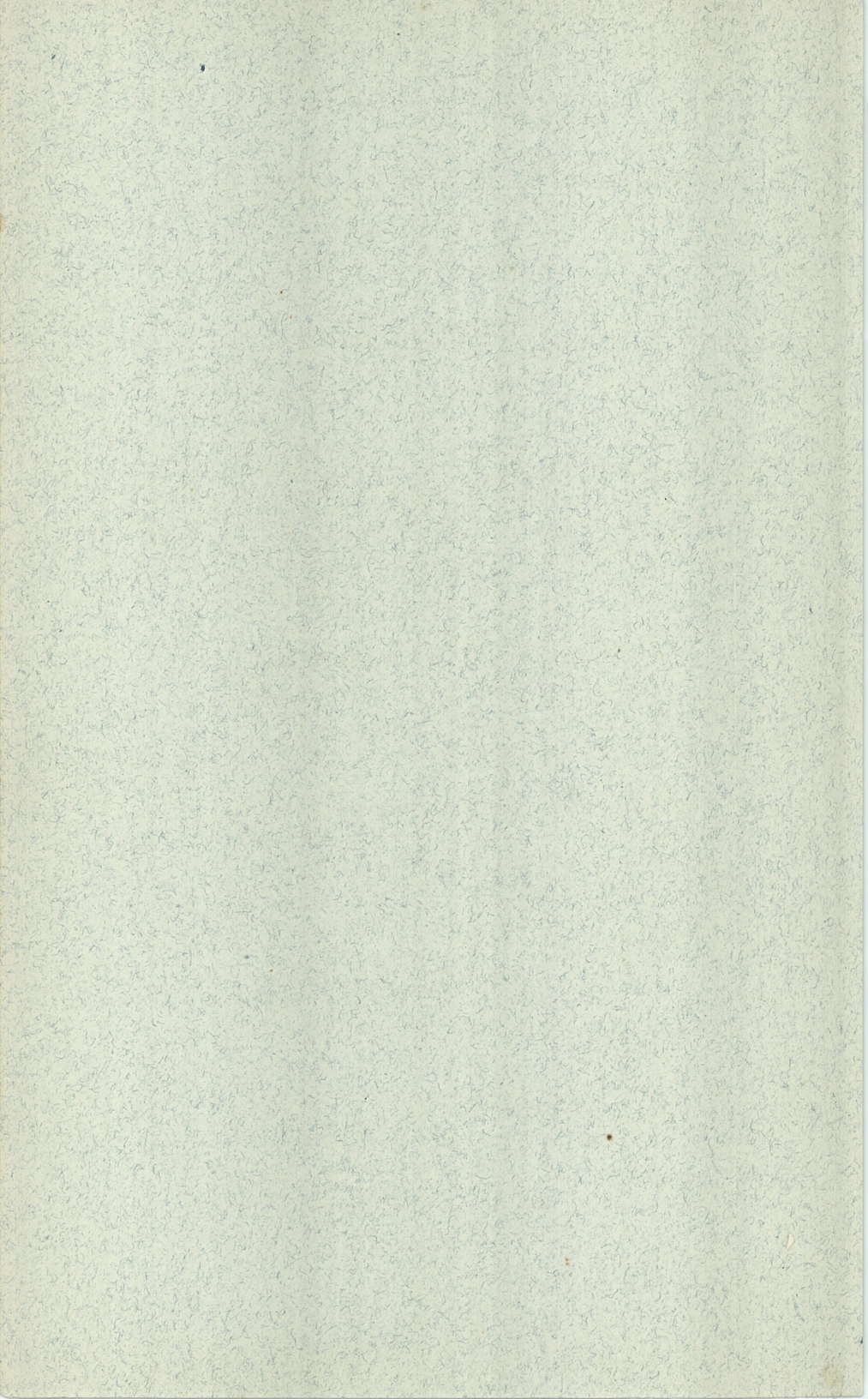
TO THE STOCKHOLDERS

YEAR ENDING DECEMBER 31, 1890.



BOSTON:
ALFRED MUDGE & SON, PRINTERS,
NO. 24 FRANKLIN STREET.
1891.

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No. 24 FRANKLIN STREET.
1891.

OFFICE OF
THE AMERICAN BELL TELEPHONE COMPANY,
BOSTON, MARCH 31, 1891.

TO THE STOCKHOLDERS:—

The summary of the output of telephones, in comparison with the output of previous years since 1883, and the consolidation of statistics from the reports of our licensee Companies, are as follows:—

INSTRUMENTS.

	Dec. 20, 1884.	Dec. 20, 1885.	Dec. 20, 1886.	Dec. 20, 1887.	Dec. 20, 1888.	Dec. 20, 1889.	Dec. 20, 1890.
In the hands of licensees, under rental	325,574	330,040	353,518	380,277	411,511	444,861	483,790
Increase over previous year...	.....	4,466	23,478	26,759	31,234	33,350	38,929

EXCHANGES.

	1884.	1885.	1886.	1887.	1888.	1889.	1890.	1891.	Increase during 1890.
Exchanges	906	772	747	736	739	742	757	774	17
Branch Offices.....	419	461	428	446	452	452	471	467	*4
Miles of Wire on poles.	88,481	100,332	111,349	127,839	142,631	154,009	171,498	171,498	17,489
Miles of Wire on build- ings.....	.....	11,886	10,043	10,587	10,225	10,266	11,484	13,445	1,961
Miles of Wire under- ground.....	.....	1,225	3,417	6,030	8,009	17,038	27,117	54,690	27,573
Miles of Wire subma- rine.....	.....	.....	254	265	365	536	603	779	176
Total Miles of Wire....	86,896	101,592	114,046	128,231	146,438	170,471	193,213	240,412	47,199
Total Circuits	97,422	107,440	112,067	121,260	132,004	143,687	156,780	173,665	16,885
Total Employees	4,762	5,168	5,438	5,843	6,133	6,310	6,758	7,845	1,087
Total Stations	123,625	134,847	137,750	147,068	158,712	171,454	185,003	202,931	†17,928

* Decrease.

† Of this increase, 2,746 consists of Toll Stations, not at fixed annual rates, not heretofore classed with Subscribers' Stations.

EXCHANGE CONNECTIONS.

The estimated number of exchange connections
 daily in the United States is 1,438,294
 Or a total per year of more than 450,000,000
 The number of daily calls, per subscriber,
 varies in different exchanges from 2 to
 17, the average throughout the United
 States being $7\frac{1}{10}$

The average cost to the subscriber varies, according to
 the size of the exchange and character of the service, from
 less than 2 to 14 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.	Jan. 1, 1891.	Increase during 1890.
Number of lines.....	598	826	897	911	927	947	969	*950	†19
Miles of pole lines.....	20,592	25,766	30,697	31,143	32,478	34,010	35,254	35,541	287
Miles of wire.....	29,359	35,631	41,745	43,767	56,179	73,293	86,728	91,230	4,502

EXTRA-TERRITORIAL CONNECTIONS.

The average daily number of extra-territorial con-
 nections is 9,701
 Or a total per year of about 3,200,000
 The extra-territorial earnings for the year
 amounted to \$ \$1,116,975 18
 Of which this Company's share is 91,261 17
 An increase over 1889 of 7,027 99

* Owing to redistricting in the territory of the Central Union Telephone Company, twenty-six lines reported last year as extra-territorial are now classed as branch or toll lines.

† Decrease.

§ In the case of three companies, which failed to report their extra-territorial earnings for the entire twelve months, the average earnings for the months reported have been used to complete the above statement.

UNDERGROUND WIRES IN USE.

	Jan. 1, 1886. Miles.	Jan. 1, 1887. Miles.	Jan. 1, 1888. Miles.	Jan. 1, 1889. Miles.	Jan. 1, 1890. Miles.	Jan. 1, 1891. Miles.	Increase during 1890. Miles.
Albany.....	.....	1	1	1	1	1	.....
Aurora.....	.....	.....	.....	.....	.....	4	4
Baltimore.....	.....	.....	.....	.....	.....	2,708	2,708
Boston.....	289	347	736	1,580	3,599	5,485	1,886
Brooklyn.....	134	1,233	1,443	2,197	2,254	4,199	1,945
Buffalo.....	.....	.....	.....	.....	1,170	1,414	244
Cambridge.....	.....	.....	.....	.....	.....	275	275
Chicago.....	760	1,462	2,000	3,127	3,255	6,444	3,189
Cleveland.....	.....	.....	.....	.....	.....	595	595
Denver.....	.....	.....	.....	.....	.....	1,175	1,175
Detroit.....	.....	82	175	500	871	1,101	230
Louisville.....	.....	9	238	469	780	1,114	334
Lowell.....	.....	.....	.....	.....	4	150	146
Milwaukee.....	1	1	.....	.....	.....	1,047	1,047
Minneapolis.....	.....	.....	.....	.....	.....	734	734
New Haven.....	.....	.....	.....	.....	300	546	246
New York.....	627	627	1,120	5,203	10,900	22,507	11,607
Pittsburgh.....	614	966	958	2,370	2,394	2,868	474
Rochester.....	.....	.....	.....	.....	.....	110	110
St. Paul.....	.....	.....	.....	.....	.....	580	580
Washington.....	992	1,302	1,338	1,591	1,589	1,633	44
	3,417	6,030	8,009	17,038	27,117	54,690	27,573
American Telephone and Tel- egraph Co.'s long-distance wires.....	.....	.....	140	327	559	1,133	574
Total.....	3,417	6,030	8,149	17,365	27,676	55,823	28,147

The year's work has shown a satisfactory advance in all directions, as well in the improvement of the plant as in its extension and the increased volume of business. The movement towards underground work in the close built parts of the larger cities and the establishment in permanent quarters of the central offices of the principal exchanges is making rapid progress.

It will be seen that the gain in output of telephones is considerably greater than during any previous year since 1884, marking, of course, a corresponding gain in stations of nearly 18,000.

The miles of wire at the first of January, 1891, 240,412, against 193,213 on the first of January, 1890, shows an increase in that direction of 47,199 miles. Of this, something over one half, 27,573, is a gain in mileage of wire underground—a gain that exceeds the total mileage of underground wire existing at the beginning of the year. This marks the rapid development and occupation of the underground systems, largely in New York, Chicago, and Boston. It is to be noted, however, that twenty-one places are now returned as having underground wires, as against thirteen in last year's report. With the building of subways, the general opinion has been that a more permanent establishment for the central offices of the exchanges should be made. It is desirable that they should be located as nearly as may be in fire-proof buildings, and of course it has been desirable that the subways should be led to buildings owned by the respective companies. These causes have led to a considerable investment in real estate. Buildings for twenty-six central offices and five branch offices of the licensee Companies are either in process of construction or already completed, by far the larger part of that number, however, being already housed in permanent quarters.

A substantial and gratifying beginning has also been made in metallic circuit service in the exchanges.

The American Telephone and Telegraph Company—the “Long Line” Company—has, during the year, constructed in extension of its system, the following lines: From Scranton, Penn., to Syracuse, N. Y., with branches to the principal towns in Eastern Pennsylvania and central New York; from Buffalo, via Erie, Penn., south to New Castle, Penn., taking in the towns of Western

New York and Western Pennsylvania. The second line, from New York west, was substantially completed, via Easton and Reading, to Harrisburg, Penn. The total mileage of pole-line construction was $422\frac{89}{100}$; the total miles of wire added was 4,682. This company is already earning a moderate rate on the investment above its expenses; its net earnings last year amounted to \$120,664.69, which were invested in extension of the plant.

At a special meeting of the stockholders, held January 27, 1891, further action was taken under Chapter 385, Acts of 1889, — the act providing that increases might from time to time be made in the capital of the Company, — and the capital was increased from \$12,500,000 to \$15,000,000. This has been offered the stockholders by circular of date January 27, 1891, and has all been subscribed for.

In the case of the United States against the American Bell Telephone Company and Alexander Graham Bell — the “Government case,” so called — the taking of testimony on the part of the complainant is still in progress.

In the suit of the Western Union Telegraph Company against the American Bell Telephone Company, claiming one fifth of the stock in various licensee Companies which was received upon granting such several companies perpetual licenses to carry on the business, and one fifth of our share of certain extra-territorial receipts, and asking for an accounting, it will be remembered that the case was referred to the Hon. John Lowell, as Master, to find the facts and the law and make report thereon. The Master's report finds that the plaintiffs are not entitled to the account asked for.

The strike of the free-stone cutters in the spring and summer of 1890, and the confusion consequent thereon, somewhat retarded the work on the Company's building and disappointed the expectation that it would be completed by the first of January last. It is now, however, substantially done, and partly occupied. The New England Company's new switchboard has been set up. The switchboard will be in operation about the first of May, and the direct connections from the new office to subscribers' stations, through the extensive underground system of conduits and cables

radiating from the Telephone Building, will be completed within three or four months thereafter. With its enlarged capacity and improved equipment, the exchange will thus be in condition to meet the requirements of its rapidly growing business.

During the year the Patent Division has prepared and submitted an unusually large number of reports on subjects referred to it, has pushed forward its digests, and has besides given a good deal of time to the preparation of matters in aid of our counsel in various litigations. It has also aided the licensee Companies in suits against certain electric lighting companies and in railway disturbance matters.

Much and useful work has been done by the Mechanical Department looking to the perfecting of the apparatus used in the exchange part of our business; several new forms of instruments have been devised for special services, and good work has been done in raising the standards of inspection, and in assisting the licensee Companies in educating competent heads of inspection departments; all effort is made to encourage the utmost freedom of communication and suggestion between this department and our licensees.

The Treasurer's statements, showing the ledger balances December 31, 1890, and a comparative statement of earnings and expenses for the years 1889 and 1890, are appended, as are also reports of the Committee on Accounts of April 14, July 15, October 13, 1890, and January 15, 1891.

For the Directors,

JOHN E. HUDSON,

President.

LEDGER BALANCES, DEC. 31, 1890.

DEBTORS.

Telephones	\$919,274 94
Real Estate	744,333 00
Stocks	32,740,580 03
Merchandise and Machinery	9,932 94
Bills and Accounts Receivable,	2,034,280 02
Cash and Deposits	187,935 39

CREDITORS.

Capital Stock	\$12,500,000 00
Debenture Bonds, 1888	2,000,000 00
Bills and Accounts Payable*	1,334,636 14
Patent Account (Profit and Loss)	10,516,544 96
Profit and Loss	5,645,131 11
Reserve	2,489,012 50
Surplus	2,151,011 61
	\$36,636,336 32
	\$36,636,336 32

* Of this amount, \$375,000 is the dividend payable Jan. 15, 1891, to stockholders of record Dec. 31, 1890.

Comparative Statement of Earnings and Expenses.

EARNINGS.		1889.	1890.
Rental of Telephones		\$2,657,361 90	\$2,913,368 63
Dividends		1,230,500 53	1,256,274 19
Extra-territorial and Branch Lines,		82,556 63	89,478 13
Telegraph Commission		22,367 02	26,491 60
Interest		43,964 44	77,447 89
Miscellaneous		7,954 19	12,230 44
		<u>\$4,044,704 71</u>	<u>\$4,375,290 88</u>
EXPENSES.			
Expenses of Operation		\$269,493 37	\$311,437 98
Legal Expenses		144,566 62	123,359 08
Interest and Taxes		225,199 97	257,174 85
Commission		511,215 31	575,221 03
Royalty		10,500 00	10,000 00
Concessions		221,288 11	228,573 94
Miscellaneous		3,702 64	105 65
		<u>\$1,385,966 02</u>	<u>\$1,505,872 53</u>
Net Earnings		\$2,658,738 69	\$2,869,418 35
Misc. Items to Surplus Account		3,150 00	
		<u>\$2,661,888 69</u>	<u>\$2,869,418 35</u>
Surplus Account, Dec. 31, 1889		\$2,151,011 61	
Net Earnings, 1890		2,869,418 35	
			<u>\$5,020,429 96</u>
Regular Dividends in 1890		\$1,463,913 00	
Extra Dividend in 1890		750,000 00	
Reserve for General Depreciation,		600,000 00	
Reserve for Depreciation of Insts.		55,505 35	
			<u>2,869,418 35</u>
Surplus Account, Dec. 31, 1890			<u>\$2,151,011 61</u>

REPORT OF AUDITING COMMITTEE.

BOSTON, MASSACHUSETTS, 14 April, 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 March 31st, 1890.

Respectfully yours,

FRANCIS BLAKE,

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

BOSTON, April 12, 1890.

Dear Sir,—I have examined the books and accounts of the Treasurer of the American Bell Telephone Co. for the three months ending March 31st, 1890, and hereby certify that I found the same correct and satisfactory.

Yours truly,

CHAS. T. PLIMPTON,

Auditor.

To FRANCIS BLAKE, Esq.,

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

BOSTON, MASSACHUSETTS, 15 July, 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 June 30th, 1890.

Respectfully yours,

FRANCIS BLAKE,

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

BOSTON, July 14, 1890.

I hereby certify that I have audited the books and accounts of the Treasurer of the American Bell Telephone Co. for the three months ending June 30, 1890, 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 the rental, commission, concession accounts and pay-rolls, the footings of the ledgers proving the balances, and cash on hand. I find also that the bank accounts agree with the pass books of the several banks, after allowing 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, 13 October, 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 quarter ending September 30th, 1890.

Respectfully yours,

FRANCIS BLAKE,

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

BOSTON, October 11, 1890.

I have examined the books and accounts of the Treasurer of the American Bell Telephone Co. for the quarter ending September 30, 1890, and have to report, I found the footings of the cash book correctly made, and the disbursements sustained by approved vouchers; have verified the balance of cash and bills receivable on hand, and proved the bank accounts.

Have examined the rentals, commission and concession accounts, pay-rolls and stock ledgers, also examined the footings of the ledgers proving the trial balance of October 1st, 1890, and hereby certify to the accuracy of the same.

CHAS. T. PLIMPTON,

Auditor.

BOSTON, MASSACHUSETTS, 15 January, 1891.

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, 1890.

Respectfully yours,

FRANCIS BLAKE,

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

BOSTON, January 13, 1891.

I have audited the books and accounts of the Treasurer of the American Bell Telephone Co. for the three months ending December 31st, 1890, and report thereon that I find the cash book correctly footed, and the disbursements sustained by approved vouchers.

Have examined the stubs of the certificate books verifying the amount of certificates outstanding to stockholders, have also examined the rental, commission and concession accounts and pay-rolls, the footings of the ledgers 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, 1890, 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.

