

TWENTIETH ANNUAL REPORT

OF

THE DIRECTORS

OF

THE AMERICAN BELL TELEPHONE COMPANY

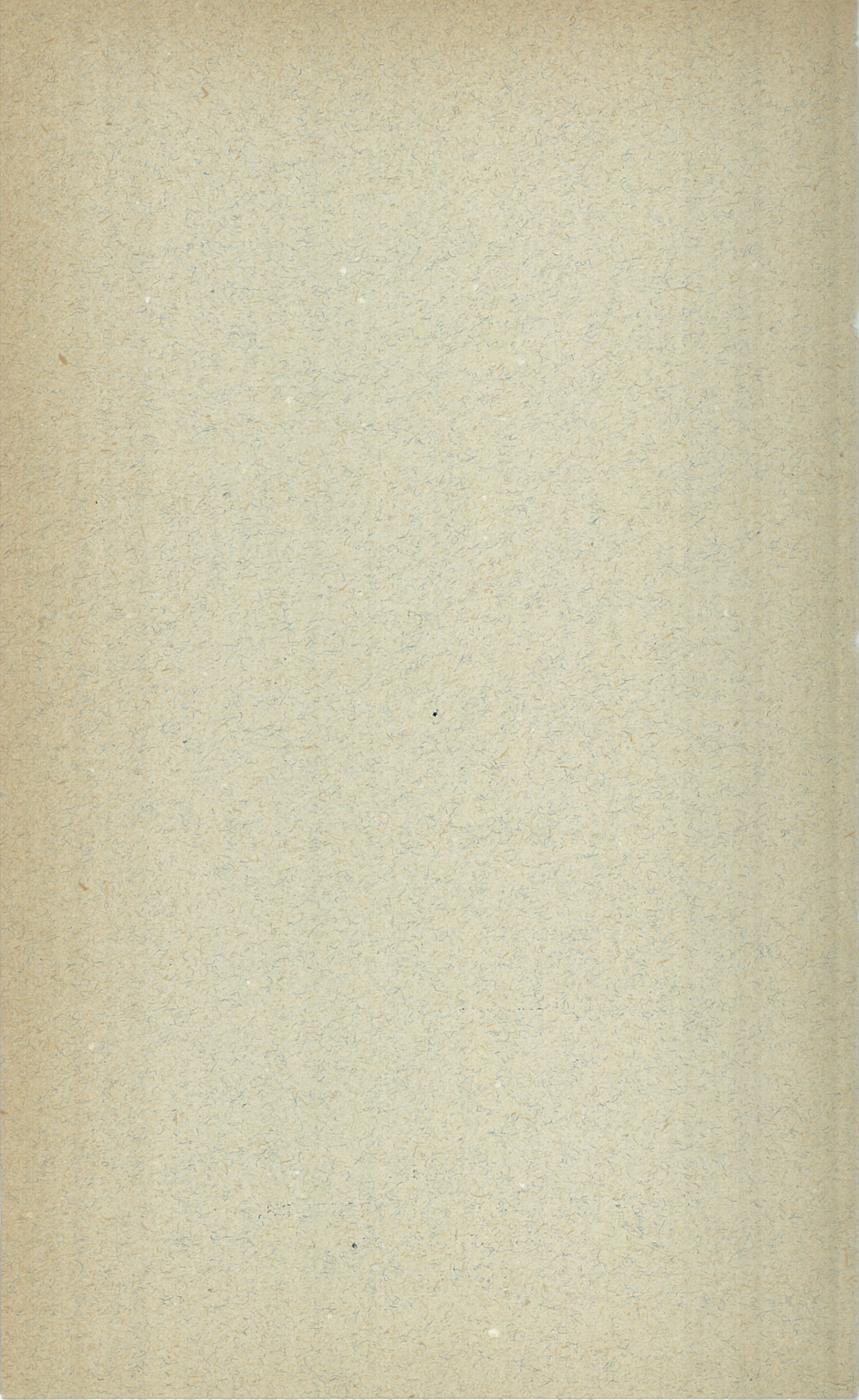
TO THE STOCKHOLDERS

YEAR ENDING DECEMBER 31, 1899.



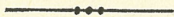
BOSTON:
ALFRED MUDGE & SON, PRINTERS,
24 FRANKLIN STREET.

1900.



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OFFICE OF
THE AMERICAN BELL TELEPHONE CO.,
BOSTON, MARCH 27, 1900.

TO THE STOCKHOLDERS :

The output of telephones from 1884 to the first of the current year, and the various statistics of the companies operating under our licenses, these, in a consolidated form, are exhibited in the tables which follow : —

INSTRUMENTS IN THE HANDS OF LICENSEES, UNDER RENTAL.

THE FIGURES IN LOWER LINE SHOWING INCREASE FROM YEAR TO YEAR.

Dec. 20, 1884.	Dec. 20, 1885.	Dec. 20, 1886.	Dec. 20, 1887.	Dec. 20, 1888.	Dec. 20, 1889.	Dec. 20, 1890.	Dec. 20, 1891.
325,574	330,040	363,518	380,277	411,511	444,861	483,790	512,407
	4,466	23,478	26,759	31,234	33,350	38,929	28,617

Dec. 20, 1892.	Dec. 20, 1893.	Dec. 20, 1894.	Dec. 20, 1895.	Dec. 20, 1896.	Dec. 20, 1897.	Dec. 20, 1898.	Dec. 20, 1899.
553,720	566,491	582,506	674,976	772,627	919,121	1,124,846	1,580,101
40,313	13,771	16,015	92,470	97,651	146,494	205,725	455,255

EXCHANGES.

	Jan. 1, 1884.	Jan. 1, 1885.	Jan. 1, 1886.	Jan. 1, 1887.	Jan. 1, 1888.	Jan. 1, 1889.	Jan. 1, 1890.	Jan. 1, 1891.	Jan. 1, 1892.	Jan. 1, 1893.	Jan. 1, 1894.	Jan. 1, 1895.	Jan. 1, 1896.	Jan. 1, 1897.	Jan. 1, 1898.	Jan. 1, 1899.	Jan. 1, 1900.	Increase
Exchanges . .	906	772	747	736	739	742	757	774	788	812	838	867	927	967	1,025	1,126	1,239	113
Branch Offices,	419	481	428	446	452	452	471	467	509	539	571	572	686	832	937	1,008	1,187	179
Miles of wire on poles . .	—	88,481	100,332	111,349	127,839	142,631	154,009	171,498	180,139	201,259	214,676	232,008	260,324	286,632	327,315	396,503	509,036	112,533
Miles of wire on buildings,	—	11,886	10,043	10,587	10,225	10,266	11,484	13,445	14,954	14,980	16,492	14,525	12,861	12,594	13,776	15,329	15,087	* 242
Miles of wire underground,	—	1,225	3,417	6,030	8,009	17,038	27,117	54,690	70,334	90,216	120,675	148,285	184,515	234,801	282,634	358,184	489,250	131,066
Miles of wire submarine .	—	—	254	265	365	536	603	779	1,029	1,336	1,637	1,856	2,028	2,818	2,675	2,973	3,404	431
Total miles of wire . . .	85,896	101,592	114,046	128,231	146,438	170,471	193,213	240,412	266,456	307,791	353,480	396,674	459,738	536,845	626,400	772,989	1,016,777	243,788

EXCHANGES — Continued.

	Jan. 1, 1884.	Jan. 1, 1885.	Jan. 1, 1886.	Jan. 1, 1887.	Jan. 1, 1888.	Jan. 1, 1889.	Jan. 1, 1890.	Jan. 1, 1891.	Jan. 1, 1892.	Jan. 1, 1893.	Jan. 1, 1894.	Jan. 1, 1895.	Jan. 1, 1896.	Jan. 1, 1897.	Jan. 1, 1898.	Jan. 1, 1899.	Jan. 1, 1900.	Increase
Total Circuits .	97,422	107,440	112,067	121,260	132,004	143,687	156,780	173,665	186,462	201,322	205,891	212,074	237,837	264,645	295,901	338,293	422,620	84,327
Total Employés	4,762	5,168	5,438	5,843	6,183	6,310	6,758	7,845	8,376	9,970	10,421	11,094	11,930	14,425	16,682	19,668	25,741	6,073
Total Stations .	123,625	134,847	137,750	147,068	158,712	171,454	185,003	202,931	216,017	232,140	237,186	243,432	281,695	325,244	384,230	465,180	632,946	167,766

* Decrease.

EXCHANGE CONNECTIONS.

The estimated number of exchange connections daily in the United States, made up from actual count in most of the exchanges, is 5,173,803

Or a total per year of about 1,666,000,000

The number of daily calls per station varies in different exchanges from 1 to 21 $\frac{8}{10}$, the average throughout the United States being 8 $\frac{2}{10}$.

The average cost to the subscriber by exchanges varies, according to the size of the exchange and character of the service, from less than 1 to 9 cents per connection.

EXTRA-TERRITORIAL AND TOLL 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.	Jan. 1, 1892.	Jan. 1, 1893.	Jan. 1, 1894.	Jan. 1, 1895.	Jan. 1, 1896.	Jan. 1, 1897.	Jan. 1, 1898.	Jan. 1, 1899.	Jan. 1, 1900.	In- crease.
Miles of Pole Lines.....	20,592	25,766	30,697	31,143	32,478	34,010	35,254	35,541	41,298	42,894	46,727	49,324	52,873	60,453	67,791	75,718	89,292	13,574
Miles of Wire,	29,359	35,631	41,745	43,767	56,179	73,293	86,728	91,230	115,088	133,002	154,106	180,557	215,687	268,866	324,883	385,911	501,832	115,921

TOLL CONNECTIONS.

The average daily number of toll connections is 132,884
 Or a total per year of about 42,800,000
 The toll revenue reported by all companies for the year 1899 was . . . \$7,275,835.17*

* Not including herein earnings of the American Telephone and Telegraph Company.

The Long Distance Company had on the first of January, 1900, 12,006.83 miles of pole line and cable, and 150,380.39 miles of wire connecting 323 offices; a gain during the year of 1,927.78 miles of pole line and cables, 27,105.34 miles of wire, and 38 offices.

COMPARATIVE STATEMENT.

	Number of Companies	Number of Stations.	Connected by Metallic Circuit.		Cabinet Sets.
			Number.	Per Cent.	
January 1, 1899 . . .	38	409,520	200,528	48.96	25,158
January 1, 1900 . . .	39	557,979	311,129	55.76	26,132
Increase	1	148,459	110,601	6.80	974

In all there are 39 companies whose systems furnish our long line terminals. These companies report a total of 557,979 stations, of which 311,129 (55.76 per cent) are equipped with metallic circuits; and of these 311,129 stations, 26,132 are equipped with long distance cabinet sets.

The year just passed has been the most noteworthy of any in the history of the business, in respect to the development both of the exchange and toll line systems.

The increase in number of subscribers has been more than double that of any previous year. While it is true that this has been due in some small part to the introduction in certain localities of unremunerative rates, to meet similar rates set up by competitors, it is believed that in the main the growth has been healthy and will be permanent, and that the undoubted advantages of a single service on the score of economy, of convenience and of ready connection with a great general system will soon come to be generally understood.

A leading feature of the modern development of the business is the use of measured service in connection with metallic circuits. By far the larger number of subscribers have found that, among the numerous classes of such service now offered, they can advantageously make a selection, and this number is constantly and rapidly increasing.

Large extensions of the properties of the operating companies have been made during the past year, and the construction has been of high standard. More than one hundred and fifteen thousand miles of toll line wire have been added, the larger proportion being of copper, and upward of two hundred and forty thousand miles of exchange conductors, more than half of which was placed underground.

The work of equipping the large exchanges with central energy switchboards, the type of board now accepted as of the highest efficiency, is going forward rapidly. More than sixty per cent. of all the exchange stations in the United States are now connected by metallic circuits.

Much of the development of recent years, not only in the large cities, but in places of moderate size, has been upon the plan of underground construction, with permanent centres of distribution selected with reference to the future growth of the exchanges. Most of the companies have erected at the distributing points buildings especially adapted to the requirements of exchange operation.

The expenditure to provide for the increase of business during the past year has been large, and it is believed that substantially the same rate of investment must be maintained for several years to come, to keep pace with the continued public demand.

The new construction completed in 1899 by companies operating under our licenses amounted to \$24,036,822.59. Of this sum \$15,949,463.32 was expended upon exchange construction and equipment, and \$8,087,359.27 upon toll lines. In addition to the above, \$2,066,311.85 was invested in real estate to be utilized for exchanges and company offices.

The entire expenditure for construction, including real estate, to the close of last year has been \$137,262,443.70.

From the inception of the business the United States has taken the lead of all nations in the broad development of the telephone system.

The important improvements of apparatus of all kinds, by which the telephone can be utilized most effectively, have all had their origin in this country.

At the close of last year, the subscribers connected with exchanges of our licensee companies numbered 632,946.

The latest reports that can be obtained, most of which are for the year 1898, show the countries next in order, as respects the use of the telephone, to be the German Empire, having 212,121 exchange stations; Great Britain, 112,840; Sweden, 63,685; France, 44,865; Switzerland, 35,536; Russia, 26,865; Austria, 26,664, and Norway, 25,376, the aggregate of stations in all these countries falling well below the number in our own country.

The ledger balances as they stood upon the ledgers December 31, 1899, and a comparative statement, in detail, of the earnings and expenses of the Company for the years 1898 and 1899 are furnished by the Treasurer and are appended.

The Long Distance Company had invested, up to December 31, 1899, in line construction, franchises, equipment, and supplies, \$17,118,509.78. The Company shows an increase in gross earnings in 1899 over 1898 of $27\frac{17}{100}$ per cent, the amount for 1899, gross, being \$2,805,012.29.

Copies of the reports of the Committee on Treasurer's Accounts of August 2 and November 27, 1899, and February 23, 1900, are subjoined.

For the Directors,

JOHN E. HUDSON,
President.

LEDGER BALANCES, DEC. 30, 1899.

DEBTORS.

Telephones	\$3,488,850 38
Real Estate	1,271,961 42
Stocks	70,975,500 00
Merchandise and Machinery	23,846 26
Bills and Accounts Receivable	9,272,336 31
Cash and Deposits	584,953 20

CREDITORS.

Capital Stock	\$25,886,300 00
“ “ Premium	6,110,582 00
Debenture Bonds, 1898	7,500 00
Debenture Bonds, 1908	10,000,000 00
Bills Payable *	4,214,557 67
Patent Account (Profit and Loss)	12,845,973 16
Profit and Loss	19,148,943 10
Reserves	4,928,513 39
Surplus	2,975,078 25
	<hr/>
	\$85,617,447 57
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	\$85,617,447 57
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* Of this amount \$1,164,883.50 is for the dividends payable Jan. 15, 1900, to stockholders of record Dec. 30, 1899.

Comparative Statement of Earnings and Expenses.

	EARNINGS.	
	1898.	1899.
Rental of Instruments	\$1,610,855 64	\$1,714,526 54
Dividends	3,239,406 58	3,809,504 02
Commission from Ex.-Terr. Lines	121,511 07	
Commission from Teleg. Business	18,389 20	
Real Estate	83,864 92	84,692 50
Interest	370,991 58	149,484 40
Miscellaneous	3,682 50	1,948 99
	<u>\$5,448,701 49</u>	<u>\$5,760,106 45</u>

EXPENSES.

Expenses of Operation	.	.	\$509,673 90	\$591,826 34
Legal Expenses	.	.	94,226 62	108,748 46
Real Estate	.	.	40,235 09	42,407 39
Miscellaneous	.	.	1,747 42	20,479 59
			<u>\$645,883 03</u>	<u>\$758,461 78</u>
Net Earnings	.	.	\$4,802,818 46	\$5,001,644 67
Interest Paid	.	.	\$187,988 02	\$404,762 30
Taxes	.	.	220,863 63	523,932 96
Balance	.	.	<u>\$4,393,966 81</u>	<u>\$4,072,949 41</u>
Surplus Account Dec. 31, 1898	.	.	\$2,785,073 84	
Balance of Earnings, 1899	.	.	4,072,949 41	\$6,858,023 25
Regular Dividends, 1899	.	.	<u>\$3,106,356 00</u>	
Extra Dividends, 1899	.	.	776,539 00	3,882,945 00
Surplus Account, Dec. 30, 1899	.	.	.	<u>\$2,975,078 25</u>

REPORTS OF AUDITING COMMITTEE.

BOSTON, MASSACHUSETTS,

2 August, 1899.

JOHN E. HUDSON, Esq^{re}.*President Am'n. Bell Telephone Co.**Dear Sir, —*

With this I enclose the report of Mr. Henry A. Piper, an expert accountant employed by me to examine the accounts of our Treasurer for the six months ending June 30th, 1899.

Respectfully yours,

FRANCIS BLAKE,

Committee on Treasurer's Accounts.

BOSTON, August 1st, 1899.

FRANCIS BLAKE, Esq.,

Dear Sir: —

I have examined the accounts of the Treasurer of the American Bell Telephone Company for the six months ending June 30th, 1899, and have to report as follows: —

I have determined the cash in hand and in the banks and trust companies, and find the amount, after allowing for outstanding checks, to agree with the balance of the Cash on that date.

I have seen approved and receipted vouchers for all disbursements, and have verified the records of cash receipts.

I have seen that all notes, stock certificates and other securities owned by the Company are in hand or properly accounted for, and correctly entered upon the books. For all certificates of stock issued by the Company during that period, certificates representing an equal number of shares have been surrendered and cancelled.

I have found all Cash Book and Journal entries duly posted to

the Ledger, and the footings correct, and have proved the Balance Sheet.

I hereby certify that in all my investigations, as above recited, I have found everything correct.

HENRY A. PIPER.

BOSTON, MASSACHUSETTS,
27 November, 1899.

JOHN E. HUDSON, Esq^r.

President Am'n. Bell Telephone Co.

Dear Sir, —

With this I enclose the report of Mr. Henry A. Piper, an expert accountant employed by me to examine the accounts of our Treasurer for the three months ending September 30th, 1899.

Respectfully yours,

FRANCIS BLAKE,
Committee on Treasurer's Accounts.

BOSTON, November 24th, 1899.

FRANCIS BLAKE, Esq.,

Dear Sir: —

I have examined the accounts of the Treasurer of the American Bell Telephone Company for the three months ending September 30th, 1899, and have to report as follows: —

I have determined the cash in hand and in the banks and trust companies, and find the amount, after allowing for outstanding checks, to agree with the balance of the Cash on that date.

I have seen approved and receipted vouchers for all disbursements, and have verified the records of cash receipts.

I have seen that all notes, stock certificates and other securities owned by the Company are in hand or properly accounted for, and correctly entered upon the books. For all certificates of stock issued by the Company during that period, certificates repre-

senting an equal number of shares have been surrendered and cancelled.

I have found all Cash Book and Journal entries duly posted to the Ledger, and the footings correct, and have proved the Balance Sheet.

I hereby certify that in all my investigations, as above recited, I have found everything correct.

HENRY A. PIPER.

BOSTON, MASSACHUSETTS,
23 February, 1900.

JOHN E. HUDSON Esq^r.

President American Bell Telephone Company.

Dear Sir:—

With this I enclose the report of Mr. Henry A. Piper, an expert accountant employed by me to examine the accounts of our Treasurer for the three months ending December 30, 1899.

Respectfully yours,

FRANCIS BLAKE,
Committee on Treasurer's Accounts.

Boston, February 20th, 1900.

FRANCIS BLAKE, Esq.,

Dear Sir:—

I have examined the accounts of the Treasurer of the American Bell Telephone Company for the three months ending December 30, 1899, thus completing the year, and have to report as follows:

I have determined the cash in hand and in the banks and trust companies, and find the amount, after allowing for outstanding checks, to agree with the balance of the cash on that date.

I have seen approved and receipted vouchers for all disbursements, and have verified the records of cash receipts.

I have seen that all notes and stock certificates owned by the company are in hand, and correctly entered upon the books. For

all certificates of stock issued by the company during that period, certificates representing an equal number of shares have been surrendered and cancelled; and in addition the certificate reported to have been lost in my report of March 4th, 1899, has been surrendered and cancelled.

I have found all Cash Book and Journal entries duly posted to the Ledger, and the footings correct, and have proved the Balance Sheet.

I hereby certify that in all my investigations, as above recited, I have found everything correct.

HENRY A. PIPER.

