TELEPHONE RATES IN OMAHA

Interesting Letter of Manager Lane to the City Council

REDUCTION

Detailed Information About the Makeup of the Tariff Schedules and the Reasons Prompting Them.

Much light on the inside workings of the local telephone company and the manner in which telephone rates are made in Omaha may be gleaned from the communication sent to the last meeting of the city council, in which General Manager Lane goes into detail on existing conditions in the telephone. The letter in full follows:

OMAHA, Sept. 24, 1904.-Messrs. E. D. Evans, Chairman; C. S. Huntington and P. C. Schroeder, Committee: Gentlemen-Complying with your request to reduce to writing the views of the Nebraska Telephone company, together with the information given to you at our office upon the subject of telephone rates, I beg to say:

I feel warranted in believing from the fair and earnest manner in which you have carried on your investigation, that it is your purpose to give due consideration to the business necessities of the company, and that no personal consideration will be permitted to influence you or any member of the council to do the company an injustice. We do not concede the power of the city to fix rates, and waive no rights, but we wish to avoid controversy and to satisfy you and the public. We are willing, therefore, to give any information desired concerning our rates and the reasons for them, and we believe that our service and our rates in Omaha are satisfactory to the public. This does not, of course, mean that every individual of the public is always satisfied. That cannot, in dealing with so large a number of persons, be reasonably

Number of 'Phones in Omaha. The company has, approximately, 6,000 subscribers in the city of Omaha, to which we make an average of 70,000 connections stood. each ordinary day, and on some occasions business becomes congested to an extent character. The service is as good as the

As I have already stated, the company

that cannot be foreseen.

makes 70,000 connections in Omaha per day -some days more than this. To handle this line. great business requires three shifts, forty operators in each shift, at the switchboard. Let any person who makes frequent use of his telephone remember that there are 6.000 persons who may, at some hours of the day, be doing the same thing at the same time, and he will then begin to realize the difficulty of serving the public without some complaint-sometimes, perhaps, reasonable, but generally not so. It is therefore, really amazing that this vast number of daily transactions can be carried on day after day, with all classes of persons, with as little friction or dissatisfaction as there is, and I assert confidently that there is no whatever, public or private, that, all things considered, is conducted with less friction or with areater satisfaction to the persons whose patronage supports it, than the businesa of this company. Our experience has also proven beyond the least controversy that much the greater portion of the complaints that are heard proceed from persons who do not pay for telephone service at all, and who would not, no matter how low the rates might be-and generally from persons who have never conducted a business of large character, and who, therefore, do not consider the grounds for their

Motive of Rate-Making.

It is a fatal mistake to assume, as some persons do, that the company fixes its rates with a view to exacting the highest sum it can get from its patrons. Bhat has never been the policy of the company. Its rates are fixed with a view to promoting its business, as are the charges in any other line of business-with a view to satisfying the public by giving to its patrons a service worth all that is charged for it.

The officers of the company are as anxious to have its relations with the public pleasant, satisfactory and mutually advantageous as are the managers or proprietors of any other business, and their efforts are as constantly and earnestly directed to this end. This is the only safe foundation for any business, and a policy that reasonable persons seriously believe to be unfair would be suicidal. Accordingly, it has been the settled policy of

this company to give the public the best possible service at the lowest rates that would enable it to pay 6 per cent to its stockholders and preserve the condition assert confidently, that we have in fact given to, the city of Omaha as perfect service as money could obtain, keeping pace with the most approved inventions, and at methods would permit.

We have no fictitious capital and can of stock issued. Nor have we any mortunsound feature in our business. It is conservatively organized and unreasonably attacked, it has been con-

ducted with fair success.

Returns on Investment. The company does not aim to earn more than 6 per cent for its shareholders, and during a period of more than ten years it has not paid more, and its rates throughout the whole territory have been gradaccomplish this purpose. We have to graduate them acpording to circumstances and conditions. able and just in all places, in view of the is very popular or much in use. This areircumstances and conditions, to the pub-He and to the company-to earn upon the whole system 6 per cent for shareholders result. But it is the expectation of the and keep the system in condition and up To do this requires a comprehensive knowledge of the whole business of the conditions which affect its volume. our patrons-all of which has been aced only by long experience. If these rates are to be fixed by persons who are lic ignorant of the business, who have nothing n lose if it be disastrous, and who give

what will become of the business? now in your committee will effect a re-

this spoken of as if it were a good thing for the public. But this sum is approximately equal to the whole sum required the discount) at \$2 per month. to pay dividends of 6 per cent per annum Heasons for Maintaining Business to shareholders and, therefore, such a reduction of earnings would completely de-IN CHARGES stroy the dividend paying power of the no reductions in the business rates. whole system, and if an equivalent reducthe company could not continue business ten days. Is it a good thing for Omaha, rates. or for any individual in Omaha, to destroy legitimate business? Does it benefit Omaha, or any of its people, to attack

> tal, offering employment to large numbers of persons, and rendering an indispensable service to the public? Who is the gainer agitation and threats of legislative satisfactory relations between a company pursuing a legitimate business and those who want and require its services? Do we promote the interests of this city, or any portion of its people, by keeping the city In an attitude of histility to its largest and most indispensable enterprises? May not the city of Omaha have had, already, its full share of the spirit that tears down instead of that which builds up? I may be guilty of digressing somewhat, but these

questions seem to be worth your consideration.

Reduction in Rates. The tendency has been to lower telephone rates in this city during the last ten years, while the service has been constantly improved at great expense to the company and at great loss by the necessary discarding of out-of-date instrumentalities. But these reductions and improvements are soon forgotten by those who have no reason to remember them. The highest class of service that is rendered, or that can be given, is the metallic circuit, individual line, with long distance transmitter, for which the rate, in places of business, was formerly \$120 per annum, but which has been reduced from time to time until it is now \$84 per annum, which is a reduction of 30 per cent. The same class of service for residences was formerly \$90 per annum, but this has been reduced until it is now \$48 per annum, a reduction of nearly 50 per cent The extension set, with the same class of service, was formerly \$42 per annum, and this has been reduced until it must be added a still greater number who is now \$15 per annum, a reduction of more use the telephones of the company, but who than 50 per cent. This has all been acare not subscribers-for it must be remem- complished within ten years-and it is an bered that practically every telephone in extraordinary reduction. I doubt if any the city is made free by our patrons to other business can make such a showing. their oustomers and friends, and to others It has been made possible by the great exwho wish, casually, to use them. We serve | tension of and consequent increased earnthis great number of persons every day of ings from toll lines, and by the introducthe year, and many times each day, so that | tion of cheaper methods not before under-

In addition to these reductions the com a much greater number. These people are pany has made very large reductions, indi- quired to pay a much higher rate than he often busy, and time is often of great im- rectly, through its party line service, of portance to them. They are impatient of which there are (all classes) in this city delay, and sometimes careless of the man- 2,333 patrons. The service is metallic cirner in which they use the instruments. Few | cult with long distance equipment, and the persons are always reasonable. Most per- rates run from \$5.50 per month for twosons are generally reasonable, but some party line business service down to \$1.50 And to further equalize its patrons the persons are never reasonable. We have to per month for ten-party line residence servperform this service, too, when it is de- ice. This cheap service accommodates a manded, and cannot distribute it over the considerable number of people whose need day-and there are occasions when the of the telephone is not of the most urgent

> best, excepting that the person calling is liable to find the "line busy"-that is, being used by some of the other persons on the For its residence service of all classes the company makes no limit as to distance within the city, so that a person living any place within the corporate limits-perhaps five miles from the central office-can have use by another, and the inequality bethis ten-party line service for \$1.50 per These low rates, when considered month.

creased demand for the business service.

Measured Service Not Popular. In addition, the company offers a cheap measured service-that is, a limited number other business in the city, of any character of outward calls per annum (inward calls not counted) at rates for either business or residence, depending upon the number of calls, and either individual or party line service. For example, for an individual line, 600 calls per annum, the rate is \$42 per annum, and increases to \$54 per annum for 1,000 calls. For party line service the rates decreased materially, as will be shown below. This class of service, while it is used exclusively, or nearly so, in some cities, is not much used in Omaha. The people do not want it, although it is the fairest method of basing rates, as each person then pays for what he gets. But the people of Omaha, and through the west generally, do not want it. They do not want any limit on the use of their telephones or to feel that they must economize

For a great majority of families, for example, 600 calls per annum (or approximately two calls per day on the average) would be amply sufficient for all necessary use of the telephone, but I believe there are few telephones in this city at which there are not more than 1,500 outward calls per annum, or practically five calls per day, and from this the use runs up to as much as, in some instances, 300 outward calls per day upon a single instrument in some places of business. More than 90 per cent of the patrons of the company want the privilege of using their telephones without limit, for each member of the family, including the children, for their friends and neighbors, and for their callers and customers in places of business. Indeed, in many business places the "free" telephone is a method

of gaining trade for the store. The company has also had under consideration since about the first of this year, and earning power of its plant. Se. I also and had before the introduction of the ordinance which you have under consideration, determined upon what is equivalent to a further reduction in residence ratesthough not an absolute reduction-to be rates as low as conservative business put into effect January 1, 1905. The purpose is to allow a rebate, or discount, of Il per month provided payment is made at show \$1 worth of property for every dollar the office of the company on or before the 10th day of the month, thus securing gage debt. There is not one speculative prompt payment and saving the very con siderable expense of collection. This will apply to all individual line, two-party line ducted as any bank in the city, and this and four-party line residence service, and is the secret of the fact that, notwith- for each of these classes of service the standing that it is often injuriously and patron can secure the discount; by such prompt payment at the company's office. This will make the rate for these classes

of service as follows: RESIDENCE SERVICE Rate Fer Mo. Discounted \$4.00 \$4.00 \$2.50 \$2.00 \$2.00 Individual line:

This is equivalent to a reduction-of from 25 per cent on the individual line to 30 understand, we do not have the same per cent on the four-party line and will rates at all places. That would not be affect substantially all of the residence service in the city, all excepting the tenparty lines, now served at \$1.50 per month endeavoring merely to make them reason. and the measured service, neither of which rangement may or may not be permanent That must, necessarily, depend upon the company that it will be permanent, as all

prior reductions have been. It is the policy of the company, and perfectly fair to the telephone users, to make its cost, and the value of the service to the reduction on these residence rates for several reasons. These three kinds of service give the best satisfaction to the pubthere being now 2,481 such instruments in the city, and it is the desire of the company to promote this use. The ten-party little or no consideration to the subject, line service at \$1.50 per month is not, as already stated, popular, although it is ef-I have seen it stated that the ordinance fective for and used by those who have no subscribers is an important element which great use for the instrument. The rate is

city equal to \$140,000 per annum, which is obviously cannot be reduced, and while approximately correct, and I have heard the company will continue to offer it, we anticipate that most of those now using it (277) will prefer the four-party line (with

Rates.

There are abundant reasons for making 1. A reduction on this part of the busition were applied throughout the system ness would preclude any reduction and would require a large increase in residence

2. Every increase in the number of residences served is a distinct benefit to and increases the actual value of the service legitimate business involving large capi- furnished to the place of business.

3. The residence service is not nearly so expensive, on the average, to the company as the business service, because the interference which disturbs the mutually average enormously greater than that of the residence instruments.

4. The residence service is largely a matter of mere convenience and pleasure, while the business service is an important adjunct of the business which contributes a plainly discernable profit much greater on the average than the cost-cheaper and more satisfactory than and as indispensable to the business man as the United States mail service.

5. These rates are now actually satisfactory to the patrons of the company and are as low as they can be made with safety to the business.

The company's business rates for metallic circuit, long-distance transmitter, not exseeding two miles from the central office,

UNLIMITED SERVICE IN OMAHA. Individual line, per month. \$7.00
Two-party line, per month. 5.50
Four-party line, per month. 8.75
MEASURED SERVICE IN OMAHA.
(Inward Calls Not Counted.)

Three-party line

There is an unavoidable inequality among patrons, produced by any system of "flat" or unlimited service rates. It is obvious that the patron who makes an average of 300 calls, or even fifty calls, per day, gets more for his money and is in reality getting cheaper service than the patron who makes no more than ten or twenty calls per day, using the same class of service and paying the same price therefor. To produce exact equality (if that is really desirable) the larger user would be rewould be less. This would be fully accomplished by the measured service which the company offers, but which the public, as already shown, does not generally want. company offers its party line service, but of this only approximately 600 (mostly four-party lines) are in use in places of business. This preference of the public for unlimited service, of course, cannot be changed or controlled by the company-at least, not without producing great dissat-

Isfaction Busis of Classification,

But the inequality between patrons using the same kind of service, due to the differ ence of conditions between them, which makes the use by one much less than the tween residence and business service, involves no method peculiar to the telephone by themselves, do not equal the cost of business. It is simply the application of giving the service, and when so consid- the same economic principle which may be ered produce a loss to the company, but found in every line of business, which is they increase the value of and create an in- particularly noticable in any large bust ness which is necessarily systematized. The United States Postoffice department will take a letter at New York City and carry it to San Francisco, and there deliver It in any part of the city, for 2 cents. But if it takes a letter in this city to be delivered within this city, no more than one block from the postoffice, it charges exactly the same. Obviously, the person who mails his letter in New York to be deliv. ered in San Francisco gets much more for ils money than the one who mails his letter here to be delivered in this city. But if the rate of postage was graduated to the quantum of service, it would be, necessarily, so high for long distance that it would depress business.

Railroad and express carriers take vast quantities of low-priced commodities and perishable stuff at rates so low that, if their whole business was done at the same rates, it would produce immediate bank ruptcy. Yet, if the rates were made equal as to all classes, a vast and important business would be prohibited, and a comprehensive and intelligent view of the interests of the carriers and the public proves that it is to the interest of both to promote the business.

to South Omaha, a distance of more than ten miles, for 5 cents, less than 1/2 cent per mile. Yet, if a passenger takes a car at any point to ride two or three blocks, he rates, or to the instruments at which the pays the same price. And if the whole business of the company was done at the same rate per mile as the rate from Benson to South Omaha, it would immediately bankrupt the company.

Examples in Business.

A merchant will sell a quantity of sugar to a customer in this city and deliver it three miles from his place of business at exactly the same price at which he sells the same quantity to another customer and delivers it but three blocks away. So, too, he will sell one class of goods at a margin of no more than 10 per cent profit, or at ne profit at all, while on others he charges, and must get, if he succeeds in his business, a margin of 50 per cent or 100 per cent,

The packer pays the same price per pound for each pound of the animal he buys. But he does not sell the product at the same price per pound. Some is waste; some is sold at less than the price paid per pound, and some at much more. He merely aims to make the whole return him a profit-to do which he corsiders his whole business its capital, cost of operation, its hazards and volume during a year or series of years, and all other elements, which only

an experienced person can enumerate. The same rule prevails in every line of business, not because the managers adopt it arbitrarily for their own advantage, but because an economic law as universal as commerce (and which, if frustrated, produces inevitable disuster) creates it in spite of the managers. Every manager must bow, to this law or see his business go to others' who do. The rule is a natural and indispensable growth in every successful busi-

I know there are men who say that tele phone service can be given in Omaha at much lower rates. But these men do not know what they say to be true. They have not gone through the hard school of experience and they do not intend to, by any hazard of capital of their own. They are men who have learned a good many things that are not so, and they do not propose to apply their speedily acquired knowledge to their own business or to (themselves) take the hazard of its soundness. We know from experience that their statements are not

Value of Telephone Service

The intrinsic value of the service to th must be considered in adjusting rates,

Puzzle Picture

Pick out BLACK, the \$2.50 HATTER—then go down to his store, 107 South 16th Street, and pick out a new

\$2.50 FALL HAT

With a \$4.00 Value

Furnishings for "Men Only"

Sixteenth, Just South of Dodge, Omaha.

MAIL ORDERS-I wish I had more of 'em.

"BROWN'S IN TOWN"

classes of service. Let us now pass those business telephones

take one whose average use does not exto be below the average of all of the busiscriber is taking the highest priced service-\$7 per month-the average cost per call to him is 1% cents-less than the price for mailing a single letter. Yet the parties are practically placed face to face, with an opportunity to converse both ways as freely and instantaneously as If they were so in fact, saving both time and expense and contributing to swell the profits of their business. Compared with any other method of inter-urban communication the supertority, the greater value and less average cost of this service is still more marked. There is nothing known that is at all comparable with it where time is the equivalent of money in business transactions Has the business man who is provided with such a service at such a price, as a means of successfully prosecuting or aiding in the prosecution of his business, any reason to complain of the cost? I believe every reasonable person will say that he has not.

In this city a passenger may take the But it must be remembered that I have street car at Benson and ride continuously taken for my illustration a telephone that is but moderately used and the highestpriced service. If these same inquiries be applied to two-party or four-party line number of calls averages thirty or forty or fifty or more per day, the service will be shown to be so cheap that even a captious person cannot complain. It is impossible to calculate the money value of such a service, but it is obvious to any reflecting person that the cost is insignificant compared

> ousiness. The residence telephone, however, is not employed in the making of money. It contributes to the prosperity of business only as it enables the business man to call it and receive calls from it. In this respect, however, it increases the value of the business service as the number increases, and it is the policy of the company to increase the number of its residence patrons in order to make the business service more valuable. For these reasons the plan now proposed by the company to allow a discount as above stated, is perfectly just to the public, and if it actually results in increasing the number of telephones in residences (a thing which remains to be proven) it will, Indi rectly, benefit the places of business. It also effects a reduction (if the subscribers see fit to take advantage of it) of \$12 per

> annum to 2,481 subscribers. Rates in Other Cities. For your further information I here give you the business rates charged in some other cities for like service:

Place. Providence . Minneapolis Kansas City Salt Lake ...

We do not profess to compete with the so-called independent companies in all of our rates. Some of our rates are lower than any rate given by any independent company in any city of this class, while ome are higher. Our rates are the result of long experience with a business that is conducted by legitimate and sound methods. Their's are not. Some of them have ever hear get it in the neck almost as already become bankrupt, others have disduction of revenue to the company in this too low to be fair to the company and do not say that the company should demand covered and confessed their mistakes, while hear, -Chicago News

a price equal to the value of the service to others are on the road to failure. In cities a particular user, any more than a physi- of considerable size the independent comcian should demand from his patient com- panies have generally been speculative venpensation equal to the value of having his tures-bond and stock propositions-started life saved. What I do say is that the in- for the profit there is in manipulating the trinsic value of the service is an important | bonds and stock. They commence operainsideration in adjusting rates to different | tions with a bonded debt much greater than the cost of their plant, and an equal amount of stock, and by means of an althe daily use of which is very large, and luring prospectus and representations that are without reasonable foundation they ceed twenty calls per day, which I believe | sell their bonds at 80, 85 or 90 cents on the dollar, giving the stock to purchasers as a ness telephones in the city. If the sub- bonus, mainly to people of small means who know nothing of the value of what

they purchase. The outcome of such ven-

tures is easily foreseen. The one indisputable fact, if it stood entirely aione, that this company pays but 6 per cent to its stockholders on honest capitalization, is conclusive proof that its rates are fair and reasonable. I admit the measured service rate is more equitable to patrons, but they can have this if they want it. With that system the great volume of service that is rendered to persons who do not pay would have to be cut off, and the people who do pay would economize the use of their telephones. The fact that the people do not choose this service is proof that our present "flat" system of rates is deemed by them to be to their advantage and this is obviously true, because the measured service, while reduc ing the cost to small users, would operate

to restrict the use and increase the cost to Jarge users. I give you here the measured service schedule now being put into effect at Den-

RATES IN DENVER. Individual line, business; measured serv-

400 calls, excess calls 4 600 calls, excess calls 3 800 calls, excess calls 1 1,000 calls, excess calls 1 1,200 calls, excess calls 4 400 calls, excess calls 1 400 calls, excess calls 1 400 calls, excess calls calls calls, excess calls 2c calls, excess calls 3c calls, excess calls 2c calls, excess calls 2c calls, excess calls 2c calls, excess calls 2c calls excess calls 2c to the actual money value of the service in 400 calls, excess calls 5c. 600 calls, excess calls 4c. 800 calls, excess calls 4c. we party line calls, excess calls calls, excess calls calls

I regret that I have made this statement so lengthy, but it seemed to be necessary H. VANCE LANE, General Manager.

Pointed Paragraphs. Many a corporation has been sunk by its

floating debt. Nature leaves a lot of work for the dress maker to finish. Some brands of fertilizer are guaranteed to raise the mortgage.

Even a milkman draws the line at put-

ing water in his whisky. No man ever has occasion to take anti-fat for an obese pocket book. Most town folks admire their country relatives for visiting purposes only. After the honeymoon marriage begins t

No man should run for office whose character will not stand the witness box A good name may be better than great

resolve itself into a guessing contest.

riches, but few men are in a position to choose a name Any man who is allowed to pick the wal paper for his home will also be allowed

to rule the roost. You save your money because you are economical; other people save theirs because they are stingy. The girl with a new engagement ring invariably extends the glad hand when she

meets her girl friends. It's harder for a man to slip upstairs at 2 a. m. than it is for him to slip down after he gets half way up.

Those who don't believe anything they ever hear get it in the neck almost as often as those who believe everything they bear, -Chicago News.

If you are just starting in business it will pay you to invest in the best stationery to be had. It will create a favorable impression from the start.



DOCTORS FOR MEN





We have made a life study of the diseases and weaknesses so prevalent among men, spending thousands of dollars in researches and scientific investigations, and have evoived a special system of treatment which is a safe, sure and certain cure for all skin, nervous, blood and private diseases. We have confined ourselves entirely to a single class of diseases and their allied complications and mastered them. We do not scatter our faculties, but concentrate them upon our particular specialty. This accounts for the difference between success and failure in the treatment and cure of diseases of men. The physician who tries to explore and conquer the whole field of medicine and surgery becomes preficient in no particular branch.

Our object is not so much to do the work other doctors can do, but rather to cure obstinate cases which baffle them; troubles which have been aggravated and made worse by experimental and unreliable treatment. If you are alling do not be satisfied until you have been examined by the heat specialists in the country. We will make a thorough and scientific examination of your aliment, an examination that will disclose your true physical condition, without a knowledge of which you are groping in the dark, and without a thorough understanding of which no physician or specialist should be allowed to treat you. You may be sent away happy without any treatment, but with advice that will save you time and money, as well as mental disgrace. If you require treatment, you will be treated honestly and skillfully and restored to health within the shortest possible period and at the least possible expense to you. We cure

Stricture, Varicocele, Emissions, Nervo-Sexual Debility, Impotency, Blood Poison (Syphliis), Rectal, Kidney and Urinary Diseases,

and all diseases and weaknesses of men due to inheritance, evil habits, ex-

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