

TELEPHONE RATES IN OMAHA

Interesting Letter of Manager Lane to the City Council.

PROPOSED REDUCTION IN CHARGES

Detailed Information About the Making-up 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...

Number of 'Phones in Omaha. The company has, approximately, 6,000 subscribers in the city of Omaha, to which must be added a still greater number who use the telephones of the company, but who are not subscribers...

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...

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 graduated to accomplish this purpose...

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...

Obviously cannot be reduced, and while the company will continue to offer it, we anticipate that most of those now using it (27) will prefer the four-party line (with the discount) at \$2 per month.

Reasons for Maintaining Business Rates. There are abundant reasons for making no reduction in the business rates. 1. A reduction on this part of the business would preclude any reduction and would require a large increase in residence rates.

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...

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 this ten-party line service for \$1.50 per month...

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...

Rate Per Mo. Discounted. Individual line.....\$4.00. Two-party line.....\$3.00. Four-party line.....\$2.00.

Value of Telephone Service. The intrinsic value of the service to the subscribers is an important element which must be considered in adjusting rates, I do not say that the company should demand

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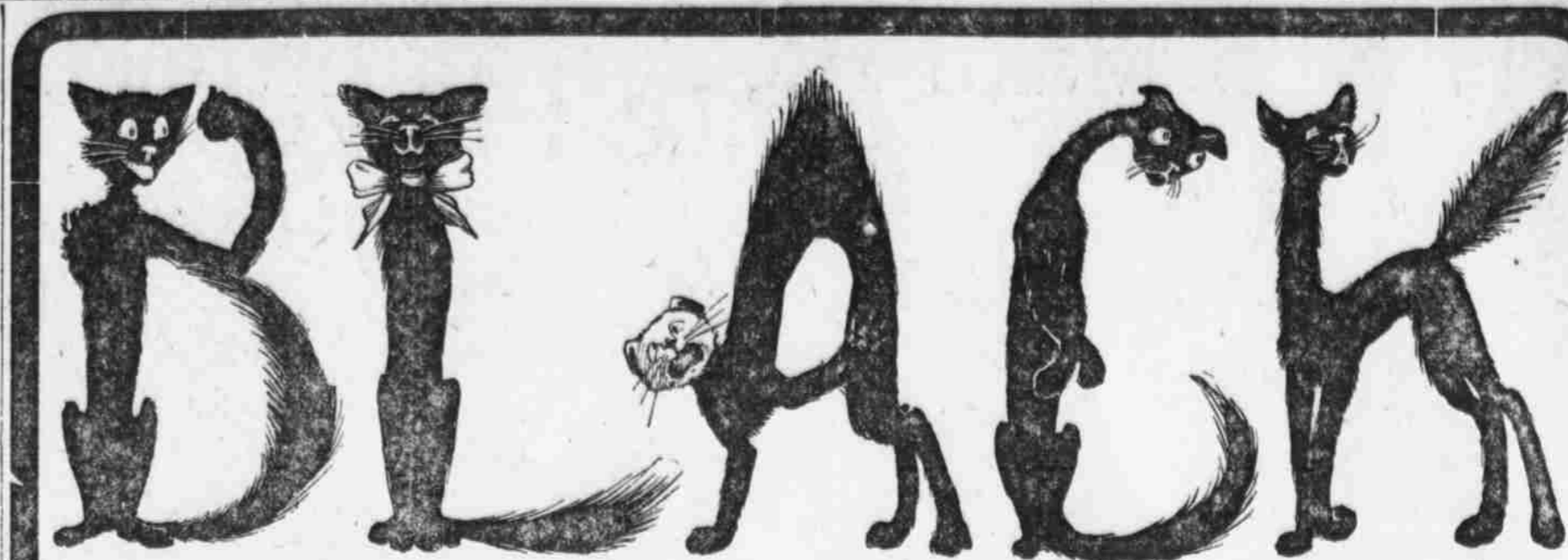
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Puzzle Picture

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"

others are on the road to failure. In cities of considerable size the independent companies have generally been speculative ventures—bond and stock propositions—started for the profit there is in manipulating the bonds and stock. They commence operations with a bonded debt much greater than the cost of their plant, and an equal amount of stock, and by means of an alluring prospectus and representations that are without reasonable foundation they sell their bonds at 80, 85 or 90 cents on the dollar, giving the stock to purchasers as a bonus, mainly to people of small means who know nothing of the value of what they purchase...

Individual line, business; measured service. 400 calls, excess calls 40.....\$1.00. 600 calls, excess calls 30......80. 800 calls, excess calls 30......60. 1,000 calls, excess calls 30......40. 1,200 calls, excess calls 30......20. 1,400 calls, excess calls 30......00. 1,600 calls, excess calls 30......20. 1,800 calls, excess calls 30......40. 2,000 calls, excess calls 30......60. 2,200 calls, excess calls 30......80. 2,400 calls, excess calls 30......00. 2,600 calls, excess calls 30......20. 2,800 calls, excess calls 30......40. 3,000 calls, excess calls 30......60.

For your further information I here give you the business rates charged in some other cities for like service: Indiv. Two-party Four-party. Place. Rate. Rate. Rate. Providence.....\$1.50. \$2.00. \$2.50. St. Paul......80. \$1.00. \$1.20. Rochester......60. .80. 1.00. Milwaukee......50. .70. .90. St. Louis......40. .60. .80. Salt Lake......30. .50. .70. Denver......20. .40. .60. St. Louis makes a two-year contract for prompt payment at the office of the company. St. Louis makes a two-year contract for prompt payment at the office of the company. St. Louis makes a two-year contract for prompt payment at the office of the company.

price equal to the value of the service to a particular user, any more than a physician should demand from his patient compensation equal to the value of having his life saved. What I do say is that the intrinsic value of the service is an important consideration in adjusting rates to different classes of service. Let us now pass those business telephones, the daily use of which is very large, and take one whose average use does not exceed twenty calls per day, which I believe to be below the average of all of the business telephones in the city. If the subscriber is taking the highest priced service—\$7 per month—the average cost per call to him is 1 1/4 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 superiority, the greater value and the highest 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. But it must be remembered that I have taken for my illustration a telephone that is but moderately used and the highest priced service. If these same inquiries be applied to two-party or four-party line rates, or to the instruments at which the 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 cautious 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 to the actual money value of the service in business.

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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. Individual line, business; measured service. 400 calls, excess calls 40.....\$1.00. 600 calls, excess calls 30......80. 800 calls, excess calls 30......60. 1,000 calls, excess calls 30......40. 1,200 calls, excess calls 30......20. 1,400 calls, excess calls 30......00. 1,600 calls, excess calls 30......20. 1,800 calls, excess calls 30......40. 2,000 calls, excess calls 30......60. 2,200 calls, excess calls 30......80. 2,400 calls, excess calls 30......00. 2,600 calls, excess calls 30......20. 2,800 calls, excess calls 30......40. 3,000 calls, excess calls 30......60.

STATE MEDICAL INSTITUTE. 1305 Farnam St., Bst. 13th and 14th Streets, Omaha, Neb. Bee Want Ads Produce Result