The Bell System and Regional Business: The Telephone in the South, 1877-1920

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Rochester Telephone got its start late in the nineteenth century. Alexander Graham Bell invented the telephone in 1875, and the following year he patented it and exhibited his device to great acclaim at the Philadelphia Centennial Exhibition. By July 1877, the telephone had made its way to Rochester, New York, where a line was strung between the offices of the Phillips Coal Company and its coal yards a mile and a half away. The two telephone companies competed for less than 18 months before merging under the aegis of the Bell system. In 1880 the company had 50 phone lines, which it provided to residential customers at the rate of $24 a year; businesses paid more for the service.
Bell founded his Bell Telephone Company in 1877. As the industry rapidly expanded, Bell quickly bought out competitors. After a series of mergers, the American Telephone and Telegraph Co., the forerunner of today's AT&T, was incorporated in 1880. Because Bell controlled the intellectual property and patents behind the telephone system, AT&T had a de facto monopoly over the young industry. Over the next several years, the regional Bell Systems would introduce caller ID services in the Northeast and Southeast. Although the service was initially sold as a pricey added service, caller ID today is a standard function found on every cell phone and available on most any landlines. Additional Resources.